91ST CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 91-1672

DISTRICT OF COLUMBIA REVENUE ACT OF 1970

DECEMBER 5, 1970.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCMILLAN, from the Committee on the District of Columbia, submitted the following

REPORT

together with

MINORITY AND SEPARATE VIEWS

[To accompany H.R. 19885]

The Committee on the District of Columbia, to whom was referred the bill (H.R. 19885) to provide additional revenue for the District of Columbia, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert the matter that appears in italic type in the reported bill.

PURPOSE OF THE BILL

The purpose of H.R. 19885 is to provide some additional revenue to the District of Columbia, as well as other much needed and justified legislation that hopefully may be enacted before the adjournment of the 91st Congress.

Again the Congress is faced with and asked to bail the District Government out of its fiscal distress.

For the 7th consecutive year the District has come to Congress with an out-of-balance budget. The District's estimates of expenditures as submitted for fiscal year 1971 totaled $821 million, or $206 million more than its anticipated revenues. Consequently, the Appropriations Committee was required to slash $182 million from the budget and disallow over $20 million of proposed reserves when appropriating for fiscal year 1971.

53-071 O—70——1

A summary of the House action on the District's 1971 budget follows:

Item	Requested	Appropriated	Decrease
Operating expenses	$600,582,000	$563,049,000	−$37,533,000
Repayment of loans and interest	15,564,000	15,563,000	−1,000
Capital outlay	209,012,000	64,294,000	−144,718,000
Total, District of Columbia funds	825,158,000	642,906,000	−182,252,000

Now your Committee and the Congress are asked to pick up the tab for the rest of, or most of, or some of, the disallowed budget requests, and thus finance another record-breaking budget by the District.

Regretfully, the government of the District of Columbia continues an accelerated rate of spending, all out of proportion, in the judgment of a majority of the House District Committee Members, to the city's declining population, its needs, or its ability to finance such expenditures. Few if any economies or efficiencies have been achieved in the expansion of the city government departments, agencies and programs. Yet no other city in the Nation is annually treated so generously with hundreds of millions of Federal grants, in addition to the generous Federal payment.

The House District Committee is of the opinion that it has met all the established needs of the Nation's Capital by enacting the necessary legislation.

During the past 7 years your Committee has reported and the Congress has approved five revenue acts for the District.

In these 7 years, the Congress has:

1. Increased the Federal payment authorization from $32 million to $105 million.

2. Raised various District tax rates to provide an estimated $62.4 million of additional annual revenues to the D.C. General Fund.

3. Increased certain motor vehicle registration and other fees, in the Revenue Act of 1969, so as to provide an additional $6 million annually to the Highway Fund.

4. Increased the District's borrowing authority to the General Fund, for capital improvements, from $75 million to $392.3 million.

5. Increased the District's borrowing authority for highway construction from $50.25 million to $85.25 million.

6. Authorized an additional $50 million of earmarked borrowing authority as the District's one-third share of the $431 million initial cost of constructing a subway and rapid rail transit system.

7. Authorized $50 million for construction of the Federal City College and the Washington Technical Institute ($10 million of this was an outright grant, and $40 million another additional borrowing authorization).

8. Authorized $40 million in Federal project grants for modernization of hospital plants and construction of health facilities, and also $40.5 million in Federal loans (at 2.5 percent interest repayable in 50 years) for institutions not having the required matching funds.

9. Qualified the Federal City College as a land grant college, thereby authorizing it to receive a capital grant of $7.2 million as an endowment.

10. Authorized an additional $166,500,000 of borrowing authority (to be added to the $50 million authorized by the 1965 Act), thus increasing to $216.5 million as the District of Columbia's share of the regional subway and rapid transit system, the Federal contribution to which will be $1.147 million.

11. Provided an additional $25 million, annually to the District's revenues, through increases in the personal income tax, when enacting the Police, Firemen and Teachers' Salary bill.

The mean average household income for 1969, as reported by D.C. Government, was $10,500.

During the 10 years' construction of the subway now underway, it is estimated that 12,000 to 15,000 workers will be employed with an estimated $1 billion payroll.

Congress has provided generously to the District in so many instances, through countless measures. As shown hereafter in this report these Federal revenues, supplementing the District's own revenues, should suffice to provide an efficient and sufficient government to the people of Washington. If their government insists on living beyond its means, it must lift itself by its own bootstraps, or survive as it can do well within its available revenues.

PROVISIONS OF THE OMNIBUS BILL

The bill is an omnibus bill, including 20 major sections. It had its inception in revenue-producing measures requested by the District of Columbia government. Miscellaneous tax proposals were submitted by various Members. Other legislative recommendations likewise received your Committee's approval, and all were included herein.

Subcommittee No. 4 devoted extensive hearings on a majority of the matters included, and the remainder were considered and approved by other Subcommittees or by the full Committee.

Every section of H.R. 19885 was thoroughly reviewed and approved by your Committee, most of them by substantial vote of the Committee.

In view of the few weeks remaining in this session of the Congress, a majority of your Committee realistically agreed to the omnibus package as the only vehicle available to assure consideration of all these proposals by the other body before adjournment. There will be no other opportunity except through this bill for them to be acted upon.

In the judgment of a majority of your Committee, all these proposals in H.R. 19885 are meritorious and deserving of the support of the House. They are no less meritorious because they are included in one package, rather than reported as 20 separate bills.

Revenue for the District

The bill provides an estimated $700,000 to $900,000 in special taxes, fees, or savings to the District government.

It provides, through increased borrowing authority to the District an estimated $783 million loan authority ($550 million to the General Fund for 1971 and 1972; $72 million to the Sanitary and Sewage Works Fund; $110 million to the Highway Fund; and $51 million to the Water Fund).

Finally, it increases the Federal payment or contribution annually authorized, to the District by $15 million, to an all-time high of $120 million per year.

Your Committee earlier in this Congress approved and the Congress enacted legislation giving the District an additional $8 million Federal payment toward salary increases for police and firemen, plus another $5 million Federal payment toward the new court system and the drug problem, as well as a $9 million saving to the District by transferring the operation of the local zoo from the District to the Federal government.

Admittedly, this legislation does not provide the District Government with all the moneys it requested because a majority of your Committee do not believe that the Congress should burden the taxpayers of the whole country with any larger share of the District's expenditures than they are now contributing.

Admittedly, the District Government has confessed it has reached the "bottom of the barrel" in its own search for sources of local revenue. Which produced the unbelievable picture of the District requesting your Committee, and the Congress, to authorize a $30 million increase in the Federal payment to the District, while the District itself would only assume to raise $1.5 million by a fuel tax increase. At the same time, the District of Columbia Council refused to raise $8.7 million by increasing the local real estate taxes, as recommended by the District Commissioner as a necessary part of his revenue needs.

The District government is unable or unwilling to finance its own increased budget in the amount of a $100 million increase each year, and its own anticipated revenues will yield only an additional $50 million. The District would be perfectly happy to continue its merry spending, its enlarged programs, its ever-increasing personnel, mostly at the expense of the American taxpayers.

If the Congress would force the District's fiscal demands upon the citizens throughout the country by appropriating further Federal funds to bail out the District's programs, then it would be equally equitable to strap the same taxpayers with the indebtedness of any and all other U.S. cities in financial doldrums or decline.

TITLE I—REVENUE

SECTION 101—FEDERAL PAYMENTS TO THE DISTRICT

Title I of the bill provides for an authorized annual Federal payment to the District of Columbia of $120 million (an increase of $15 million over present $105 million).

This amount is considered by your Committee as adequate to supplement the generous funds already provided in the five revenue acts emanating from your Committee and passed by the Congress in the last seven years, *provided* the District government for its part requires further retrenchment in its operation of a city of declining population (1950—802,178; 1960—763,956; 1970—756,510).

The District will never achieve a soundly-financed government if, on the other hand, it annually increases its spending budget by over $100 million and continues to add to its personnel (now over 45,000 employees out of 756,510 population, or over 1 of every 20 persons in the District on its government payroll.

This payment is more than ample to cover the unanticipated contingencies as represented to your Committee, many of which are only guesstimates, and questionable, and which the Appropriations Committees will have to sort out as they must for justification or not as the case may be. In fact, some of these proposed expenditures have already been examined and denied by the said Committees. In any event, it is the view of your Committee that this increase in the Federal payment, and the other revenues provided in the bill, will amply suffice to keep the District going at measurable speed, particularly since many of the so-called priority items presented to your Committee were planning figures only and were based on projected expenditure in a full fiscal year, one-half of which year will be over before this legislation is enacted.

The phenomenal increase in the Federal contribution to the District is shown by the following table:

RECENT FEDERAL PAYMENTS TO THE DISTRICT

	Authorized (millions)	Percent of general fund revenues
1956	$20	18.1
1957	23	18.5
1959	32	23.7
1963	50	25.3
1966	60	21.0
1967	70	25.0
1968	90	28.0
1969	[1] 105	30.7
1970	[2] 105	26.1
1971	[3] 105	26.8

[1] Plus $5,000,000 for crime.
[2] Plus $8,000,000 for salary increases; plus $5,000,000 for court system and drug problem.
[3] Assuming no increase in 1971.

Whereas the Federal payment of $20 million in 1956 amounted to 18.1% of the General Fund revenues of the District, the 1971 payment at $105 million represents 26.8% of the General Fund revenues; and the increase of $15 million in the reported bill, makes a total Federal contribution of $120 million which is 27.7% of the District's General Fund revenues.

So the District continues to benefit appreciably from the Federal taxpayers' share of the expenditures of the District of Columbia government.

Blatant criticisms are intermittently voiced by certain segments of the Washington community over the alleged burdens to the city by reason of the presence in the District of the Federal establishment. The foregoing figures confirm the fact that in this Federal City, established solely for the purpose of providing a seat for the government of this mighty Nation, the Federal Government is generously paying its way.

By reason of its merely being located here, millions of dollars annually roll into the coffers of local residents and businesses, as well as into the Treasury as taxes collected thereon for the District. In this very year, your Committee is advised, over 17.8 million tourists will have visited Washington, and spent $642 million $318 in hotels and their restaurants; $126 million in other restaurants and beverage establishments; and $148 million in retail stores).

Add to this the fact that about 200,000 persons are employed here by the Federal government, many of whom spend untold thousands of dollars in the District, and thus contribute to its economy.

Without the Federal establishment here, and all the shrines and monuments created here because this is the Nation's Capital, without the City's major industries—tourism and government—the local economy would shrivel and die.

Finally, must be reckoned the vast sums of money annually poured into the District of Columbia by the Federal government, either as direct grants-in-aid for expenditures by appropriate District agencies, or funded through Federal departments and agencies and channeled into local programs. Many of these exceed or are not matched by comparable Federal funds expended in the States, because being the Nation's Capital it often is selected for "Model" city and State programs, such as a $2.5 million grant by HUD for health, day care, recreation and youth programs in Washington's Model Cities Area.

These Federal expenditures are summarized in the following tabulations:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., July 10, 1970.

HON. JOHN L. MCMILLAN,
U.S. House of Representatives,
Chairman, Committee on the District of Columbia,
Room 1310, Longworth House Office Building,
Washington, D.C. 20551.

DEAR MR. CHAIRMAN: The enclosed tables have been prepared in response to your request of June 16, 1970, for an itemized listing of total expenditures by the Federal Government on the District of Columbia metropolitan area for fiscal years 1966–70.

I hope this report will be useful in the work of your committee.

Sincerely,

GEORGE P. SHULTZ, *Director.*

Enclosure.

FEDERAL FUNDS CAPITAL REGION AND RELATED ACTIVITIES

[In thousands of dollars]

	Budget authority				
	1966 actual	1967 actual	1968 actual	1969 actual	1970 estimate
A. Direct Federal funds to District of Columbia: Federal payments and loans [1]	118,440	136,128	158,006	164,402	179,510
B. Federal grant-in aid assistance to District of Columbia government [2]	71,263	88,655	117,392	156,775	185,202
C. Direct Federal funds to other Federal or intergovernmental agencies identified in the Federal budget as funding programs for the National Capital region:					
Interstate Commission on the Potomac River Basin	5	5	5	5	5
Commission on Fine Arts	123	115	115	115	115
Commission on Revision of the Criminal Laws of the District of Columbia					150
National Capital Planning Commission	818	429	794	1,024	315
Washington Metropolitan Area Transit Authority				43,772	126,112
Total, direct Federal	190,649	225,332	276,312	366,093	491,409
D. Related direct Federal funds to agencies not identified in the Federal budget as part of National Capital region function but having significant program benefits for Washington metropolitan area: [4]					
Howard University, including Freedmen's Hospital [4a]	18,742	23,515	26,397	29,470	61,394
National Capital airports (Washington National and Dulles) [4b]	9,572	8,527	8,810	9,820	11,990
Smithsonian Institution [4c]	26,539	31,800	29,763	46,799	49,306
National Capital Parks (Department of Interior) [4d]				16,015	17,742
Total, related direct Federal	54,853	63,842	64,970	102,104	140,432
Grand total, all types	245,502	289,174	341,282	468,197	631,841

[1] Data from Federal budgets, 1968–71.

[2] Excludes Federal grants to non-District government agencies, but includes the District of Columbia Redevelopment Land Agency. Also includes grants for National Capital Housing Authority and District of Columbia Highway construction which are reflected in the District of Columbia budget as reimbursable payments. Adjustments are as follows:

[In thousands of dollars]

	Budget authority				
	1966	1967	1968	1969 actual	1970 estimate
Grants in District of Columbia budget totals	47,888	59,418	74,028	117,938	124,574
Highway reimbursements	18,844	23,928	36,991	32,013	48,317
Public housing reimbursements	4,531	5,309	6,373	6,824	12,311
Totals grants	71,263	88,655	117,392	156,775	185,202

[3] Figures from Federal budgets, 1968–71, but exclude portion for District of Columbia which is identified in A above.

[4] Excludes grant programs (covered in B above) and Federal programs or prorata share thereof, which are funded payment from District of Columbia government.

[4a] See Federal budget, 1968–71.

[4b] See Federal budget, 1968–71.

[4c] Includes operations, construction, and improvements at National Zoological Park, National Gallery of Art, John F. Kennedy Center for Performing Arts, museum programs, and other activities. See Federal budget, 1968–71.

[4d] These funds are drawn from the following appropriations to the National Park Service of the Department of the Interior (see Federal budget, 1971).

[In thousands of dollars]

	1969	1970
1. Management and protection	4,651	5,966
2. Maintenance and rehabilitation of physical facilities	5,248	7,791
3. General administrative expenses	310	335
4. Construction	3,045	1,599
5. Parkway and road construction	2,761	2,051
Totals	16,015	17,742

STAFF MEMORANDUM

EXPENDITURES OF FEDERAL FUNDS IN THE DISTRICT OF COLUMBIA, EXCLUSIVE OF FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA GENERAL FUND AND FEDERAL PAYMENTS TO THE DISTRICT FOR WATER AND SEWER SERVICES, FISCAL YEARS 1969, 1970, AND 1971

BUDGET AUTHORITY

(In thousands of dollars)

	1969 (actual)	1970 (estimated)[1]	1971 (estimated)[1]
A. Federal grant-in-aid assistance to District of Columbia government[2]	148,175	178,502	201,156
B. Direct Federal funds to Federal or intergovernmental agencies identified in the Federal budget as funding programs for the District of Columbia or for the National Capital region:			
Commission of Fine Arts	115	115	115
National Capital Planning Commission	1,024	315	1,390
Washington Metropolitan Area Transit Authority	43,772	126,112	180,028
U.S. National Park Service	7,222	12,828	19,935
Total, direct Federal	52,133	139,370	201,468
C. Related direct Federal funds to other agencies having significant program benefits for the District of Columbia:[3]			
Howard University, including Freedmen's Hospital	29,470	61,394	36,185
Smithsonian Institution[4]	46,799	49,306	45,932
Office of Economic Opportunity	22,942	16,735	18,000
United Planning Organization	16,670	12,175	12,175
Total, related direct Federal	115,881	139,610	112,292
Grand total	316,189	457,482	515,916

[1] Estimates for fiscal years 1970 and 1971 based on the Federal and District of Columbia budgets as submitted by President Nixon on Feb. 2 and Mar. 31, respectively.

[2] Includes grants for NCHA and District of Columbia highway construction which are reflected in District of Columbia budget as reimbursable payments and thus not included in grand totals on p. 27 of the District of Columbia budget.

[3] Excludes grant programs (covered in "A" above) and Federal programs or pro rata share thereof, which are funded payments from District of Columbia government.

[4] Includes operation, construction, and improvements at National Zoological Park, John F. Kennedy Center for the Performing Arts, museum programs, and other activities.

Sources: U.S. Bureau of the Budget, U.S. National Park Service, Office of Economic Opportunity, United Planning Organization.

Federal Payment and District Borrowing by Formula Discredited

Your Committee again supports and approves an annual lump-sum payment to the District by the Federal government in lieu of the District's proposed formula method for determining the Federal contribution. Your Committee thus reaffirms the method of payment by the Congress to the District, which has been in effect over 90 years.

For at least the past 7 years, the District Government has urged that the Federal payment be based on a formula, and each year the formula has been rejected by the District Committee and by the Congress.

The proposed formula is but a gimmick, pure and simple, designed solely as a lever to pry from the Congress higher Federal payments to the District.

The formula has been offered and urged as the panacea for the financial plight of the District, which when adopted would solve the needs of the District.

That it is at best a misguided proposal is shown by its history. First it was offered over 7 years ago as a 25% formula, i.e., the Federal Government to pay an amount equal to 25% of tax revenues collected by the District (from income and franchise taxes, sales taxes, property

taxes, and inheritance and estate taxes), to be paid directly to the District. When that proved unpalatable to the Congress, the proposal was modified to require the District to come to the Appropriations Committees, as they do now, and justify the disbursement of such funds, but the Congress repeatedly rejected it.

In the last Congress, after the District again proposed the 25% formula, the April 1968 riots produced such a drop-off in taxes collected by the city that it became quite apparent the formula method would not produce the desired necessary revenues for expenditures the city had projected. So the city quickly and gladly settled for the Federal lump-sum payment ($90 million), as it provided more funds than the $82.9 million the District would have received under the formula.

In this Congress, in the light of that experience, the District increased the formula to a 30% formula, and also expanded the base so that the 30% would apply not merely to taxes collected but also would apply to all District of Columbia fees and miscellaneous receipts. By such proposal, the District estimated it would receive, if the entire tax package were adopted, a Federal lump-sum payment of $120.5 million, as contrasted with presently-authorized $90 million, increased to $105 million in the reported bill.

In the reported bill, your Committee has increased the lump-sum Federal payment to $120 million, which is what the District claimed last year it would receive under the 30% formula if adopted. However, having increased its spending budget by over $100 million, the District would have the present Congress resort to the 30% formula because, what with increases in the District revenue receipts, the magic formula would now produce an estimated $131.7 million, the District states.

As pointed out above, the Congress has already this year provided the District with a $5 million Federal payment toward its new court system, $8 million toward salary increases, and $9 million saving to the District though Federal assumption of the Zoo's budget. These amounts, coupled with the $120 million provided in the reported bill, total $142 million Federal payment to the District this year!

The fallacy of the District's formula method argument is that it would require of the Federal government an increase in Federal payment toward District's expenses every time the District secures revenue increases from its own sources. This makes little or no sense to a majority of your Committee, and completely disregards the District's fiscal hiatus due to the uncontrolled mushrooming expansion of the District government that is not justified by a declining city population.

That the formula is a pure gimmick and not the panacea the District Government has claimed is well illustrated by the experience of the District with its borrowing authority tied to the formula method.

Under it, as hereinafter shown, the District would have a borrowing authority ceiling of $402.8 million in 1971 (same as for 1970) for the General Fund. But here again, the formula becomes inadequate based on the 6% debt service limitation which is now in effect, and based on projected expansions in the capital improvements program.

So the District proposes a change in the borrowing formula, and asks the Congress to raise the 6% to 10% debt service limitation to give it an estimated $850 million projected loan authority for the General Fund. As indicated in the explanation for Section 103, your Committee agreed to an 8% limit for 2 years.

Thus the formula method again is discredited because it is inadequate to keep apace the District's unrealistic expansive plans and projections which are in disregard of the District's own ability to pay therefor.

SECTION 102—BUDGET REQUESTS

Your Committee in this section has explicitly provided that the Federal Office of Management and Budget (through which D.C. budget requests are presently channeled to the Congress) shall carefully examine and review each request of the District of Columbia for regular, supplemental, or deficiency appropriations for the District, in order to determine (1) the priorities of expenditures for which the appropriations are requested and (2) where reductions can be made in such expenditures.

In view of the very sharp (over $100 million) increases in the District budgets as they reach Congress each year, far in excess of anticipated available District revenues, it is the judgment of your Committee that more thorough examination and review of the District's budget expenditure requests be made by the office particularly well qualified to do so, namely, the Federal Office of Management and Budget.

As has been stated, this is the 7th consecutive year that the District has come to Congress with an out-of-balance budget, predicated upon the assumption that the Congress will adopt new revenue measures and find new sources of taxes, with which to supplement the anticipated general revenues the District itself will collect. And the District further assumes that since all these resources and expected revenue windfalls will still fail to equal the annual ballooning of the District Government's expenditures, the Congress will then generously provide another huge increase in Federal payment for the District, out of the pockets of the Nation's taxpayers.

Because of the fiscal hiatus in which the District government seems regularly, i.e., annually, to find itself, your Committee has become more and more concerned therewith. It is the belief of your Committee that the District would benefit measurably by the intervention and review of its budget proposals by such an outside agency as the Federal Budget Office, just as such office now reviews and wields the axe where necessary on the annual budgets of the various Federal Departments and agencies before sending them on to the Congress.

The Federal Budget Office should act more than as a conduit for the receipt of the District's requests and transmittal thereof to the Congress.

Further, this Executive Office should have a special interest in and concern over the District's budgets, not merely because Washington is the Federal City of the Nation, but also because the Federal budget and the taxpayers of the whole country are involved by reason of the millions of dollars each year poured into the District of Columbia from Federal funds.

It is the conclusion of a majority of your Committee that the Federal Budget Office is peculiarly equipped, in the position it occupies with relation to the District, to exercise proper oversight over the District's spending programs, to weigh the countless Federal programs and grants to the District and agencies herein against Federal expenditures elsewhere in the country, to help the District avoid duplication and multiplicity of programs, to point out where economies may be

achieved, and to require the District government to get its fiscal affairs in order and balance.

It just doesn't make sense, as the tabulations herein submitted reveal, that the annual operating budget of the District should double in 5 years, so that the District Government's expenditures are over $1,000 for every man, woman and child in the District; or that the number of employees in the District Government should jump from 30,000 to over 40,000 in the same period, with the result that over 1 of every 20 District residents is on the District Government payroll. It is estimated that 70% to 80% of the District's budgets is spent on personnel, so this is an area where economies should be achieved.

In the last session, your Committee recommended and the Congress approved a "personnel freeze" on the hiring of new employees in the District government, and made these comments in the Committee report accompanying the Revenue Act of 1969 which contained such restriction:

(Excerpts From House Report 91–463, 91st Cong., 1st Sess., on the District of Columbia Revenue Act of 1969, pp. 19–20)

FREEZE OF D.C. GOVERNMENT EMPLOYEES

Section 902 directs the freeze on the number of employees of the District of Columbia. Your Committee found that major budget increases are reflected in the number of employees. Sound fiscal practices require that expenditures be brought to a level consonant with revenue resources; consequently, your Committee recommends a ceiling on the number of employees, permanent, as well as temporary and part-time, in all departments and agencies of the District of Columbia except police, fire, and public schools. Information furnished to your Committee by the District of Columbia government indicates that the number of authorized permanent personnel increased from 31.944 in 1967 to 38,511 in 1969, and a proposed number of 45,667 in 1970. Pertinent charts, furnished by the District of Columbia Government, follow.

DISTRICT OF COLUMBIA GOVERNMENT EMPLOYMENT STATISTICS, FISCAL YEAR 1954–69

Fiscal year	Number of authorized permanent positions	Total gross payroll
1954	19,818	$82,575,105
1955	20,686	89,673,840
1956	21,181	97,094,671
1957	21,995	102,558,852
1958	23,127	[1] 116,688,138
1959	23,794	[1] 124,672,939
1960	24,479	[1] 134,610,294
1961	25,363	143,611,577
1962	26,229	149,014,318
1963	27,253	156,985,278
1964	28,430	168,581,746
1965	29,242	192,220,000
1966	30,161	202,730,000
1967	31,944	219,534,000
1968	34,653	249,956,000
1969	38,511	302,011,000
Number increase (1969 over 1954)	18,693	219,435,895
Percent increase	94.3	265.7

[1] Calendar year figures.

1970 DISTRICT OPERATING BUDGET—SUMMARY BY SELECTED FUNCTIONS, TOTALS, AND INCREASES, BY CATEGORIES (ALL FUNDS)

[In thousands of dollars]

Selected functions	1970 base	1970 pending request	Total increase	Percent of increase
Police	51,890	68,377	16,487	13.9
Fire	21,405	25,013	3,608	3.0
Other public safety	29,285	40,509	11,224	9.4
Public schools	101,002	133,509	32,507	27.4
Colleges	7,193	16,447	9,254	7.8
Vocational rehabilitation	899	943	44	.3
Health	72,991	82,274	9,283	7.8
Welfare	46,261	58,597	12,336	10.3
General operating expenses	34,361	44,091	9,730	8.2
Parks and recreation	16,976	20,421	3,445	2.9
Highways and traffic	17,567	18,486	919	.8
Sanitary engineering	30,287	34,929	4,642	3.9
Personal services, wage board employees		5,201	5,201	4.3
Total	430,117	548,797	118,680	100.0

The District government was dismayed, yet the freeze did achieve savings of several millions of dollars. So much so that this year the District Commissioner, of his own volition, for which your Committee commends him, ordered a 3-month freeze that netted a $4 million saving. So a regular freeze, and a real retrenchment in spending, could accomplish savings *ad infinitum*, and with no diminishing in the efficiency or achievement of the District Government.

Your Committee sincerely hopes that the Federal Office of Management and Budget will proceed with dispatch and determined effort to meet this delegation or direction, and thereby enable the District to avoid a financial catastrophe which is in the offing. It is the belief of your Committee that it is expressing the sentiments of both D.C. Appropriations Subcommittees as well as of both the District Legislative Committees in the Congress in reporting this proposal.

Washington as Compared With Other Cities [1]

Washington has no parallel among cities of the United States in terms of percent of city employees to population. The following exhibit shows the Nation's Capital stands highest (at 5.29 percent) in proportion of city employees to population.

[1] Excerpt from House District Committee Rept. 91-1385, of August 7, 1970, pp. 5 and 6.

POPULATION AND CITY EMPLOYEES

Comparable city [1]	Population [2]	City employees [3]	Percent of city employees in population
Atlanta, Ga	488,000	6,631	1.36
Baltimore, Md	940,000	36,950	3.93
Boston, Mass	698,000	24,111	3.45
Buffalo, N.Y	533,000	12,741	2.39
Cleveland, Ohio	*811,000	15,791	1.95
Columbus, Ohio	472,000	5,664	1.20
Dallas, Tex	680,000	9,808	1.44
Denver, Colo	494,000	8,034	1.63
Indianapolis, Ind	477,000	4,007	.84
Kansas City, Mo	476,000	5,360	1.13
Milwaukee, Wis	742,000	9,693	1.31
Memphis, Tenn	*600,000	20,544	3.42
New Orleans, La	628,000	9,791	1.56
Phoenix, Ariz	*506,000	5,082	1.00
Pittsburgh, Pa	605,000	7,486	1.24
St. Louis, Mo	751,000	13,768	1.83
San Antonio, Tex	588,000	7,773	1.32
San Diego, Calif	574,000	4,890	.85
San Francisco, Calif	741,000	17,957	2.42
Seattle, Wash	558,000	9,610	1.72
Washington, D.C	764,000	40,425	[4] 5.29

[1] List of comparable cities from p. 1421, Senate hearings before the Committee on Appropriations, District of Columbia Appropriations, H.R. 18706, 90th Cong., 2d sess., fiscal year 1969.

[2] Population statistics are from the 1960 census, except those marked * which are from later census. All figures are rounded off to the next higher thousand.

[3] The number of city employees is based on data compiled in October 1967, by the Bureau of the Census.

[4] Using the District of Columbia Government's 1970 budget-projected 45,657 employees and using the population figure for the District of an estimated 809,000, gives the District 5.64 percent of city employees to population.

Source: Legislative Reference Service, Library of Congress, Apr. 4, 1969.

In explanation or justification of the unprecedented number of city employees on the D.C. Government payroll, the local officials offer as one excuse the claim that Washington has more functions than most municipal governments, that its situation is unique in this country, and that it should more fairly be regarded as a State when employee comparisons are presented.

The following tabulation, secured from the Library of Congress, shows the number of full-time Government employees (State and local) in States having populations of less than one million persons, the therefore comparable to the District of Columbia.

In this grouping, the District ranks No. 2 in total number of full-time Government employees:

FULL-TIME EMPLOYEES (OCTOBER 1969)

State	Population	State employees	Total State and local	Rank
Alaska	282,000	7,962	14,780	13
Delaware	540,000	10,666	23,409	12
Hawaii	794,000	25,389	35,039	4
Idaho	718,000	9,796	30,701	8
Maine	978,000	15,312	39,360	3
Montana	694,000	12,161	31,302	7
Nevada	457,000	6,493	23,930	11
New Hampshire	717,000	9,714	25,498	10
New Mexico	994,000	18,202	47,102	1
North Dakota	615,000	10,264	25,568	9
Rhode Island	911,000	13,466	33,799	5
South Dakota	659,000	10,002	32,217	6
Vermont	439,000	7,580	10,818	14
Wyoming	320,000	6,434	9,239	15
District of Columbia	798,000	----------	44,884	2

Source: U.S. Department of Commerce: "Public Employment in 1969" (Government Employment/GE 69 No. 1).

Following is a chart representing the increase in D.C. employees and payroll therefor, and of selected agencies just from fiscal 1965 through 1970:

AUTHORIZED POSITIONS AND PAYROLL OF THE DISTRICT OF COLUMBIA GOVERNMENT (1965–1970)

	1965	1966	1967	1968	1969	1970	1970 increase over 1969	Percent change, 1970 over 1969
Total	29,342	30,161	31,944	34,790	38,175	45,657	7,329	19.0
Executive Office	41	43	50	50	190	474	267	
City Council					37	52	15	
Subtotal	41	43	50	50	227	526	282	124.0
Human Relations Commission	5	5	5	8	11	51	40	363.0
Corporation Counsel	118	118	121	133	136	166	30	22.0
Police	3,275	3,382	3,471	3,572	4,791	6,243	1,455	30.0
Firemen	1,476	1,476	1,481	1,499	1,521	1,642	121	7.9
Courts	379	383	487	586	632	749	117	18.0
Corrections	936	950	973	1,017	1,101	1,637	536	48.0
Public schools	7,728	8,225	8,808	9,898	10,359	12,918	2,559	2.74
Public health	3,769	3,842	4,190	4,446	4,835	5,235	400	8.2
Public welfare	2,502	2,942	3,197	3,698	3,966	4,599	633	16.0
Total gross payroll (in millions of dollars)	$192.2	$202.7	$219.5	$250.0	$402.0	$420.7	$118.7	39.0

Source: District of Columbia Government, Summary of Authorized Positions, hearings, Revenue Proposals, 91st Cong. 1st sess., pp. 415–417.

SECTION 103—INCREASED BORROWING AUTHORITY

Section 103 amends existing law (the Act of June 6, 1958, D.C. Code, tit 9, sec. 920(b)(1)), relating to the borrowing authority of the District of Columbia, to assist in financing some of its proposed capital improvements programs as follows:

(1) By increasing the debt service limitation on the general fund borrowing from 6% to 8% for two years, which the D.C. government estimates will provide an estimated $550 million loan authority for the General Fund for the next two years.

(2) By providing additional borrowing authority in the specific funds, which authority your Committee was advised has been exhausted in each of them, namely

[In millions of dollars]

Fund	Present authority	New authority
Sanitary and sewage works fund	32	72
Highway fund	85.25	110
Water fund	35	51

Background

Public Law 90–120 (the so-called D.C. Federal Payment Authorization and Borrowing Authority Act of 1967) in providing a formula method for computing the District's annual borrowing authority for

the General Fund had placed a ceiling of 6% on the amount of revenues in such fund that the District might use to pay the principal and interest on these loans from the Treasury. This prevented the District from borrowing any moneys which would cause the total amount required to pay the interest and principal on its aggregate, outstanding indebtedness, to exceed 6% of the "general fund revenues" (defined to include all tax revenues from real and tangible property; sales and gross receipts taxes; taxes on individuals, corporations, and unincorporated businesses; real estate recordation taxes; inheritance and estate taxes; motor vehicle registration fees; and the Federal payment appropriated for the District.)

The 1967 Act was sponsored by the District government with great fanfare, as a flexible, formula method of determining the District's loan authorization, in lieu of the debt ceiling at that time fixed by law.

Whereas the District's borrowing authority under the general fund loan authorization was then fixed at $290 million, it was represented to your Committee that the formula method would provide a steady growth in the borrowing authority ceiling, as follows: $333.8 million for fiscal 1968, $363.9 million for fiscal 1969, and $392.3 million for fiscal 1970. (Actually because of increase in revenues, the formula provided $402.8 million for 1970.)

The District of Columbia had no indebtedness prior to 1956, and your Chairman has opposed the ever-increasing debt authorization provisions. However, a majority of your Committee in 1967 agreed to give the so-called formula method referred to for determining the City's borrowing authorizations a 3-year trail, in place of the very controversial borrowing formula then being urged based on assessed valuation of all Federally-owned real and personal property in the District, including the Capitol, the White House and other historic monuments, buildings, and parks.

Projected Capital Improvements

The testimony presented to your Committee by the District government was quite cursory in its explanation of a projected 6-year public works plan, and its financing through a proposed bonds for capital improvements program.

Because of its "complex nature, and the many types of problems that are dealt with in this bond legislative program require time for study by the Congress", the District suggested in the alternative extending the current loan authorizations for two to three years. The provisions of Section 103 attempt to fulfill this recommendation and allow the continuance of such capital improvements during the next two years as the Appropriations Committees may find justified and needed.

A bare summary of the projects contemplated by the District as presented to your Committee follows:

SUMMARY OF PROJECTED CAPITAL IMPROVEMENTS

	(Dollars in millions)
1. New District of Columbia jail (1,800 beds)	$30. 0
2. District Court Building	60. 0
3. School buildings (6 years at $54 million)	324. 0
4. New police headquarters	14. 0
5. New (6) police precinct station houses	4. 0
6. Fire houses (replace 5; 3 new)	12. 0
Total	444. 0
7. Public Health:	
Northwest Community Health Center	5. 0
District of Columbia General Hospital improvements	10. 0
Total	15. 0
8. Youth:	
Receiving home (new)	5. 0
Training school (4 cottages)	6. 0
Total	11. 0
9. Playground and recreation buildings and pools	36. 0
10. Libraries:	
Branches (replace 3)	1. 1
7 new branches	10. 0
Total	11. 1
11. Blue Plains sewerage treatment facilities	[1] 204. 0
12. Transportation (6 yrs.):	
Highways and traffic	3. 8
Highways	61. 6
Motor vehicle parking	. 3
W.M.A.T.A	143. 8
Total	209. 5
13. Higher education facilities: [2] Federal City College and Washington Technical Institute	200. 0
Total	[3] 1, 130. 6

[1] $204 to $355.
[2] Not included in District of Columbia figures as these are projected to be shifted to Federal programs.
[3] 1,130.6 to 1,281.6.

The following loan schedule was submitted by the District Government in June 1970, with the following explanations:

Column (1) indicates the total loans authorized to the District of Columbia by fund.

Column (2) indicates the total loans appropriated to the District of Columbia.

Column (3) indicates the projected amounts actually used by the District through fiscal year 1970.

Column (4) indicates the estimated loans still available to the District of Columbia as of July 1, 1970. These loan balances would be used to complete funding for capital outlay programs still in process as of that date. The amount of funds needed to complete those projects is indicated in column (5), and it is the intention of the District to borrow against the remaining loans to complete the projects now in process. When this is done this will leave the District with remaining loan balances as indicated in column (6). These balances would be available to fund fiscal year 1971 projects. Based upon the District's fiscal year 1971 capital outlay request of $209 million, the remaining loan balances as indicated in column (6) would not be sufficient to fund that request. In addition, the District would not have any funding available for capital outlay programs in future years.

In the case of the highway fund and the sanitary sewage works fund the schedule indicates negative balances, which means that current loan availability does not exist to fund capital outlay programs already approved for those funds.

DISTRICT OF COLUMBIA GOVERNMENT STATUS OF LOAN PROGRAM PROJECTED TO JUNE 30, 1970

[In thousands of dollars]

Fund	Authorized loans (1)	Appropriated loans (2)	Projected loans withdrawn (3)	Remaining loans available (4)	Loans required for existing programs (5)	Loan balances remaining after provision for existing programs (6)
General	[1] 404,800	350,722	212,800	192,000	[2] 124,000	67,600
Highway	85,250	85,250	85,250	----------	19,100	(19,100)
Water	35,000	35,000	28,800	6,200	4,200	2,000
Sanitary sewage works	32,000	32,000	20,275	11,725	17,900	(6,175)
Metropolitan area sanitary sewage works	[3] 25,000	25,000	24,700	300	200	100
Total	582,050	527,972	371,825	210,225	165,800	44,425

[1] Authority established based on 6 percent formula concept for general fund. Authority established in other funds by specific legislation.

[2] Excludes consideration of rapid rail transit since authority for financing this program has been provided for by special legislation.

[3] 50 percent of this program is to be maintained by the Federal Government.

DISTRICT OF COLUMBIA GOVERNMENT AMORTIZATION SCHEDULE FOR OUTSTANDING LOAN BALANCES BY FUNDS

Fund, date of payment	Amount borrowed through June 30, 1970	Annual payment		
		Principal	Interest	Total
General:				
July 1, 1971	$199,800,000	$2,402,068.26	$12,610,083.90	$15,012,152.16
July 1, 1972		3,080,545.08	11,500,572.79	14,581,117.87
July 1, 1973		3,252,612.59	11,328,505.28	14,581,117.87
July 1, 1974		3,434,742.54	11,146,375.33	14,581,117.87
July 1, 1975		3,627,548.18	10,953,569.69	14,581,117.87
Highway:				
July 1, 1971	84,050,000	1,575,099.23	3,891,085.46	5,466,184.69
July 1, 1972		1,752,552.83	3,615,810.99	5,368,363.82
July 1, 1973		1,831,129.51	3,537,234.31	5,368,363.82
July 1, 1974		1,913,346.66	3,455,017.16	5,368,363.82
July 1, 1975		1,999,379.50	3,368,984.32	5,368,363.82
Water:				
July 1 1971	29,300,000	707,230.44	1,040,680.54	1,747,910.98
July 1, 1972		765,837.65	978,020.86	1,743,858.51
July 1, 1973		794,801.70	949,056.81	1,743,858.51
July 1, 1974		824,933.21	918,925.30	1,743,858.51
July 1, 1975		856,283.35	887,575.16	1,743,858.51
Sanitary sewage works:				
July 1, 1971	15,975,000	331,178.96	655,027.69	986,206.65
July 1. 1972		350,772.67	634,758.57	985,531.24
July 1, 1973		365,892.51	619,638.73	985,531.24
July 1, 1974		381,678.92	603,852.32	985,531.24
July 1. 1975		398,162.19	587,369.05	985,531.24
Metropolitan area sanitary sewage works: [1]				
July 1. 1971	12,350,000	162,173.02	482,340.10	644,513.12
July 1, 1972		169,276.09	474,586.67	643,862.76
July 1, 1973		176,146.64	467,716.12	643,862.76
July 1. 1974		183,299.35	460,563.41	643,862.76
July 1 1975		190,746.02	453,116.74	643,862.76

[1] Represents 50 percent.

SUMMARY OF DISTRICT'S PRESENT BORROWING AUTHORITY

[In millions of dollars]

	Authorized	Used
For capital improvements (increased from $250,000,000)	402,854	402,854
Highway fund	85,250	85,250
Water fund	35,000	35,000
Sanitary sewage fund	32,000	32,000
District of Columbia stadium	19,800	19,800
Rapid transit	166,500	
Total	741,404	574,904

Source: D.C. Government, budget and executive management, September 1970.

SECTION 104—PERMITS AND FEES FOR SELF-UNLOADING TRUCKS

Section 104 provides a category of special revenue-producing fees to be charged by the District of Columbia for permits to operate heavy, self-unloading trucks, and requires such fees to be deposited in the Highway Fund.

The need for the legislation is two-fold: first, to allow the trucking industry to use the more efficient and heavier equipment available to it, i.e., trucks of as much as 65,000 pounds gross weight, and, second, to reimburse the District for the increased wear and tear such heavy equipment produces on its streets and bridges.

The District of Columbia now issues special hauling permits for self-unloading trucks up to a gross of 49,000 pounds. The fee for these special permits is $28.00 a year per truck and is charged pursuant to

the authority contained in section 5–316 of the District of Columbia Code. This authority limits the fee charged to the administrative expense of issuing such permits.

Under this bill, the yearly fees for permits would be increased (1) for trucks in service prior to July 1, 1970, at staggered rates, depending on the truck size, from $380 to $680; and (2) for all trucks placed in service after July 1, 1970, a fee of $680.

The D.C. Government estimates that these fees will produce $300,000 per year in revenues to the Highway Department.

Although the District has the authority to raise the maximum allowable weight above the present 49,000 pounds gross weight limit, the District does not have authority to charge a revenue-producing fee the proceeds of which could be used for general highway purposes.

The need for this additional authority is apparent. The growth of the city has been marked by a trend to deeper excavations for new buildings. Deeper excavations mean more truck trips. More ton miles per truck mean lower excavation costs; hence the economic growth and revitalization of the District would be encouraged if larger trucks could be used to haul the spoil from excavations. Subway construction also will necessitate the excavation and removal of vast amounts of earth to be hauled over our city streets on its route to final disposal. The larger truck loads could cut down on the number of truck trips and would result in a reduced unit cost of excavation.

The D.C. Highway Department has advised your Committee that the most common type of self-unloading vehicle sold in the United States is generally capable of carrying a gross weight of at least 65,000 pounds on three axles. There is no doubt that this heavy weight will make it necessary to repair or replace bridge decks and streets more frequently than has heretofore been the case. Further, road test project in Illinois, conducted by the American Association of State Highway Officials, has demonstrated that a reduction in pavement life occurs from an increase in axle loading. As the loads on axles increase, the deterioration of the road surface accelerates correspondingly.

The provisions of Section 104 place the financial burden of the additional maintenance and repair expense upon the principal cause by providing for a revenue-producting permit for self-unloading trucks and, as stated, requires such fees to be deposited in the Highway Fund to meet general repair and maintenance expenses.

TITLE II—MISCELLANEOUS TAX MATTERS

SECTION 201—TEXTILE RENTAL TAX

In the first session of this Congress, amendments to the District of Columbia Sales Tax Act placed a 2% tax on service charges on laundry processing and similar services. As to rental of textiles, decision was reached to continue the 4% tax on the purchase of textiles for rental use but to exempt textiles so used from the 2% tax on the processing service charges.

In re-examining laundry and similar services to determine potential for additional revenues, the Committee found that the industry within the District of Columbia was in a very unfavorable competitive position with companies located in Maryland and Virginia because of escalated wage minimums imposed by the District. District companies,

faced with very substantial wage differentials with a $1.80 wage, are forced to compete with a $1.45 wage in Maryland, and with the industry in Virginia where there are no minimum wage rates for such services.

The amendment proposed by this section will remove the 4% tax on textiles for rental use and place a 2% tax on the cost of processing textiles (now exempt), which will return to the District considerable additional revenue, estimated at approximately $200,000 dollars.

In studying this problem, your Committee likewise found that much of the rental textile business in the District was under contract with companies located in Maryland and Virginia. Although the District has a user tax which might be levied against textiles purchased for rental use in other jurisdictions but used in the District of Columbia, the process of collecting this tax is extremely cumbersome and it appears doubtful that any substantial revenue is received from that source. By eliminating the tax and substituting the 2% tax on servicing of rental textiles for the first time, additional tax revenues will be received.

The amendments to the sales tax act carried in this bill accomplish (1) the repeal of the exemption from the sales tax of textiles purchased for rental use; (2) the application of a 2% sales tax on the servicing or processing of rental textiles used in the District of Columbia.

SECTION 202—TAX STATUS OF NONPROFIT CHARITABLE ORGANIZATIONS

Section 202 of the bill merely clarifies the status of certain real property that is exempt from taxation in the District of Columbia. The section would amend section 1 of the Act of December 24, 1942 (56 stat 1029 ch 826) that defined privately-owned, non-profit institutions which because of their religious, charitable, educational, and scientific activities in the District were permitted to operate without the burden of real estate taxation. Specifically, subsection (h) of section 1 of that Act exempted buildings belonging to and operated by institutions which are not organized for private gain and which are used for purposes of public charity principally within the District of Columbia.

In the intervening years since 1942, the Federal government through various of its housing programs has in effect encouraged the formation of certain non-profit corporations organized to provide housing to certain groups by extending loans to such corporations through various subsidy programs. These subsidy programs vary somewhat depending on the Federal enactment but include such programs as long-term construction or renovation loans at rates substantially below market, that is at a rate of 3% as opposed to a rate of 8% or higher which prevails in the marketplace. Other forms of these programs include interest subsidies from the Federal government which may reduce the effective rate of interest paid by such institutions on their loans from an effective rate of 8% to approximately 1%. There are other rent supplement and reduced mortgage insurance rate programs which, either individually or in combination with the programs mentioned above, subsidize these institutions.

Several reasons may be given as to why these institutions do not now, nor were ever intended to, come within the exemption of section

47–801a(h). First, section 2 of the 1942 Act was designed to provide that such portions of the buildings and grounds owned by institutions granted exemption under the Act, when such are not properly entitled to exemption, should be taxed. In other words, where a rent or income of any character is derived from any building or any portion thereof, or grounds, belonging to such institutions or organizations for any activity contrary to the purpose for which exemption is granted, then such property shall be assessed and taxed.

Also, since 1942, there have been considerable changes in the types of non-profit institutions which may be organized and operate in the District of Columbia, and some of these are said to provide certain tax advantages to their individual organizers or their successors in interest, either immediately or some time in the future.

In addition, charters of other institutions are said to permit the institution or its organizers to form and operate for a period as a non-profit charitable institution, but after the life of the mortgage or other Federal subsidy program, permit the charter to be amended so as to eliminate the non-profit charitable aspects. Contentions are also made in discussing these institutions to the effect that they hold property as an investment, building up equity, and therefore one must look beyond the institutions' present charter and by-laws to determine exactly what their purpose is. Further, it is said that these institutions often adopt interim measures that depart in part or in whole from their stated or alleged basic purpose as a charitable enterprise because of the very nature of their investment.

Certainly it is the determination of this Committee that the Congress in providing long-term housing subsidy programs in substantial amounts did not intend that this would have the effect of reducing the tax base in the District of Columbia. Moreover, it should be pointed out that under several of the programs mentioned in the amendment to section 47–801a(h), there is provision in the amount of loan made to the qualifying institutions for an amount to cover the real estate taxes assessed against such properties during the period of construction or renovation (a period during which presumably the institution would not be realizing any income from the property); thus illustrating the intent of Congress that these institutions should not be exempt from local real estate taxes. Yet, the Committee has determined that a conservative estimate of the loss of the potential tax revenue from institutions whose properties come within the amendment contained in section 202 is well over $1 million.

The need for this clarifying amendment to the District of Columbia Code is illustrated in part by the colloquy which took place during the Hearings on these revenue proposals between the Chairman of Subcommittee No. 4, Congressman Don Fuqua, and the Chairman of the D.C. City Council, Honorable Gilbert Hahn (at pp. 158–159):

> Mr. FUQUA. Mr. Hahn, there are a number of nonprofit housing corporations that have been formed to take advantage of various housing programs funded by HUD and other federal programs. It is my understanding that some of these organizations have appealed for tax exempt status as far as real property is concerned. Is this having any impact on the revenues for real property in the District of Columbia?

Mr. HAHN. I am not as familiar with that as I might be. I would only mention that several weeks ago, when I got into the question of a certain number of real estate taxpayers who were delinquent in paying their taxes, we found that the Linda Pollin project about which there has been much in the newspapers, claimed they were not paying their real estate tax because they were applying for a congressional exemption.

I would suppose most of these institutions should be taxable and should be paying their taxes.

Mr. FUQUA. It is my understanding that in April of 1969 the Board of Equalization and Review reduced the taxes on this property; the assessed value was reduced from $960,175 to $112,869, and a total tax reduction from $28,805.26 to $3,498.92. They are now delinquent on the $3,000.

Mr. HAHN. That is correct, Mr. Chairman. I was not aware of the reduction. Indeed, the subject of assessment and equalization is one that has been a brooding omnipresence the whole time. We receive charges all the time that this part of the city is not being properly assessed as compared to some other.

Mr. FUQUA. I know of no other community that grants property tax exemptions for these type organizations.

Mr. HAHN. You told me something I didn't know and I will look into it and report back to you.

Mr. FUQUA. I think it would be very beneficial because if this is permitted for one, certainly there will be others to follow, and others formed.

Mr. HAHN. There is no question about it.

Mr. FUQUA. I can see it would be to the advantage of every property owner to get off the tax rolls, and this would have a serious impact on the revenues of the District of Columbia and your tax base.

Mr. HAHN. I would agree.

The District of Columbia is faced with an ever-increasing necessity for additional operating funds. At the same time it is faced with the situation as expressed by Commissioner Washington in testimony before the Committee where the "District is scraping the bottom of the barrel" to find sources of revenue to meet its operating expenses. A large part of the operating funds, insofar as the District of Columbia is concerned, come from taxes imposed and collected by the local authorities from the owners of private property. If the District is to meet the many demands placed upon it for operating funds, all sources from which taxes might ultimately be collected, such as real estate assessments, must be utilized.

It is important that the District of Columbia should know with certainty what to expect by way of the collection of real estate tax revenue and the contribution that will make to the funds needed by the City for its maintenance and operation. In litigation currently pending in the local courts, the District of Columbia Government maintains that section 47–801a(h) as it now reads does not exempt property held by a non-profit housing corporation. But if, as appears, there is a scintila of uncertainty now existing with respect to entitle-

ment of the *privilege* of tax exemption as to properties held by certain of these non-profit institutions, that uncertainty should be laid to rest. The passage of this bill, incorporating as it does section 202, will accomplish this end both retrospectively and prospectively.

SECTION 203—TAX EXEMPTION FOR PROPERTY OF THE AMERICAN INSTITUTE OF ARCHITECTS FOUNDATION

Provisions

The principal provisions of section 203 of the bill H.R. 19885, as amended, are as follows:

1. The real property located at the northeast corner of Eighteenth Street and New York Avenue, N.W., described as lot 36 in square 170, and belonging to the American Institute of Architects Foundation, a non-profit corporation organized under the laws of the State of New York, shall be exempt from taxation by the District of Columbia with respect to taxable years beginning after June 30, 1969.

2. The furniture, furnishings, and other personal property located in any improvements on this real property are also exempt from D.C. taxation.

3. These tax exemptions shall prevail so long as the property is owned by the Foundation referred to, is used in carrying on the purposes and activities of the Foundation and not for any commercial purpose, and so long as the Octagon House, the main building located thereon, is maintained by the Foundation as a historical building and made accessible to the general public, at reasonable hours, and without charge or fee of any kind.

Background

The Octagon House formerly belonged to the American Institute of Architects, a non-profit professional organization incorporated in 1857 under the laws of the State of New York. Under this ownership, the Octagon House property was exempted from District of Columbia taxation by an Act of Congress (Private Law 84–861, approved August 3, 1956). In 1968, however, the property was acquired by the American Institute of Architects Foundation. This Foundation was incorporated under the name of the American Architectural Foundation on January 8, 1943, in the State of New York; and on February 25, 1960, the name of the Foundation was changed to The American Institute of Architects Foundation, Inc. This Foundation's sole purpose in acquiring this property was to preserve and maintain the Octagon House as a historical landmark in the public interest.

The following extract from the deed transferring title to the Octagon House property from the American Institute of Architects to the American Institute of Architects Foundation, under date of September 24, 1968, sets forth the limitations and restrictions to which this transfer was made subject:

TO HAVE AND HOLD the said land and premises, with the improvements, easements and appurtenances, unto and to the use of said party of the second part, in fee simple determinable, subject to the fol-

lowing limitations and restrictions, which limitations and restrictions form an essential part of the consideration for and upon which this deed is executed and accepted to wit:

SO LONG AS the historic Octagon House, now standing upon the premises, is maintained in a good, safe and sound condition and the said house and premises are used, maintained and preserved as an example of fine architecture of the date of its original ownership (1798–1828) and as an historic structure, museum and monument, the said house and premises to be used only for such purposes.

It is expressly agreed that if the party of the second part, its successors, or assigns, or anyone holding or claiming by, through or under any of them, shall violate the limitations and restrictions herein set forth, or any of them, then and in that event the estate hereby created shall immediately be and become null and void, and all right, title, interest and estate in the subject premises hereby conveyed shall immediately revert to and be revested in the party of the first part, its successors or assigns, which shall be seized as of its former estate herein as if these presents had never been executed.

Need for Legislation

1. The Problem

Under the laws of the District of Columbia, an exemption from taxation cannot be transferred to a new owner of the subject property. Hence, the acquisition of this property by the American Institute of Architects Foundation in September of 1968 placed the property back on the D.C. tax rolls as of the beginning of fiscal year 1970.

Accordingly, in October of 1969 the Foundation was sent a bill for District of Columbia real estate tax on this property in the amount of some $8,562.99, for fiscal year 1970. The Foundation requested permission to defer payment of this tax, pending the outcome of their effort to obtain exemption through an Act of Congress. However, while the D.C. Finance Office, in view of the circumstances in the situation, was inclined to grant this request, the Foundation elected to pay the bill instead, indicating that they were doing so under protest, and that they would seek a refund of this amount if and when the legislation referred to became enacted into law. Routinely, the Foundation has again been billed for the amount of this property tax for the current fiscal year 1971.

2. The American Institute of Architects Foundation

This organization is purely philanthropic in character. The following section from the Foundation's bylaws presents the purposes for which the organization was incorporated.

SECTION 2: PURPOSES

> The purposes of the Foundation shall be to solicit, receive and expend gifts, grants and legacies, to provide architectural scholarships, establish professorships, and assist architectural, eductional and research projects; to establish awards, prizes and medals for meritorious work; to provide for the disseminating of literature and information of use and advantage to the profession of architecture and the arts and services allied to it; to assist by cooperation and associa-

tion in any activity that shall result in the improvement of the profession of architecture; and to do all of this without pecuniary profit.

While this Foundation and the American Institute of Architects are separate corporate entities, there is some degree of organizational relationship between them. For example, the bylaws of the Foundation state that the Board of Trustees of the Foundation shall consist of not more than fifteen Trustees, of whom not less than six shall be corporate members of the American Institute of Architects. Further it is stipulated that the Secretary and the Treasurer of the American Institute of Architects shall be Trustees of the Foundation throughout their terms of office in the Institute. Thus, the enactment of this proposed legislation will amount in principle to a mere transfer of tax-exempt status from one organization to another very closely allied to it, even though technically an entirely new tax exemption is provided.

Since acquiring this property, the American Institute of Architects Foundation has raised approximately $450,000, which it has spent in restoring the Octagon House, carefully preserving its original architectural integrity and enhancing its historical significance.

The Foundation is listed in the Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1954 as being exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code.

3. The Octagon House

The Octagon House, a registered National Historic Landmark, was designed for Colonel John Tayloe by Dr. William Thornton, first architect of the U.S. Capitol. Construction was started in 1798, and work on the building with its graceful and unusual design lasted for two years. The construction was occasionally inspected by George Washington who, however, did not live to see its completion in 1800. The mansion immediately became a center of official and non-official social activities, and among its many prominent visitors were Madison, Jefferson, Monroe, Adams, Jackson, Decatur, Webster, Clay, Lafayette, Calhoun, and their ladies.

Social activities stopped when the War of 1812 threatened and finally engulfed the nation's new capital. At that time, the French Minister Serurier was living in the Octagon, and his presence may have influenced the British to spare the house while leaving the President's Mansion a fire-gutted ruin on August 24, 1814. When President Madison returned from McLean, Virginia, he accepted the offer to use the Octagon House. He moved into the mansion during September of 1814, and for almost a year Dolly Madison reigned as hostess of the Octagon. It was here that Madison ratified the Treaty of Ghent on February 17, 1815, establishing peace with Great Britain which endures to this day.

After the death of Mrs. John Tayloe in 1855, the mansion changed hands several times and was allowed to deteriorate. In 1889, it was first suggested by several members of the American Institute of Architects that the old mansion would make a suitable headquarters for that organization. On January 1, 1899 the Institute's Board of Directors took formal possession of the Octagon and moved the AIA headquarters from New York City to Washington, D.C.

In 1902, the AIA purchased the rehabilitated mansion, along with the original stable, smokehouse, and garden. In 1940, a new headquarters building was erected along the eastern line of the property, enclosing the garden and adjoining the stable which was later converted to a library. Occupancy of the new headquarters of AIA was delayed until 1949, since the new building was leased to the government during World War II. When the AIA finally moved from the Octagon House, long-deferred repairs and some partial restoration were made.

Ownership of the Octagon was transferred to the American Institute of Architects Foundation in 1968, to facilitate maintenance and operation of the mansion as a registered Historic Landmark for the enjoyment and education of future generations. Based on extensive historical research, further restoration was undertaken the following year to strengthen the structure and to return the house as nearly as possible to its original state. Old materials, including brick and wood, were saved and reworked, and the architect even atempted to match the exact color of the original paint.

The Octagon House was reopened in January 1970, and guests may now tour the rooms, view the exhibits, and enjoy the garden. The mansion's importance is two-fold. First, it is an excellent piece of period architecture designed by one of the three great architects of the new Federal city. And historically, the Octagon House is important because of the part it played in establishing peace with Great Britain and in the early life of the capital as a meeting place for many outstanding individuals who helped shape the future of our country.

The Octagon House, located at 1799 New York Avenue, N.W., is ope weekdays except Mondays, free of charge.

Committee Amendment

The Committee's amendment to this section is merely to correct a printing error, so that not only will the property be exempted from D.C. taxation in the present and future fiscal years, but also the Foundation will be entitled to a refund for the tax which they paid, under protest, for fiscal year 1970.

Conclusions

Your Committee feels strongly that the continuance of the tax exempt status of the Octagon House property, in the ownership of the American Institute of Architects Foundation, is entirely justified. It is our opinion that the citizens of the District of Columbia and of the entire nation are fortunate in having this fine historic landmark taken over, restored, and operated without fee for visitors, and that this entire operation is very much in the public interest.

For these reasons, your Committee is pleased to submit this proposed legislation, which will exempt this property from District of Columbia taxation as long as it belongs to this Foundation and also will qualify the Foundation for a refund of the tax which they paid for fiscal year 1970.

Commissioner's Letter

The following is the letter from the Commissioner of the District of Columbia, under date of July 11, 1969, expressing his approval of

this proposed legislation as it was originally introduced on April 21, 1969.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., July 11, 1969.

Hon. JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia, U.S. House of Representatives, Washington, D.C.

DEAR MR. MCMILLAN: The District of Columbia has for report H.R. 10364, 91st Congress, 1st Session, entitled A Bill "To exempt from taxation certain property of the American Institute of Architects Foundation, Incorporated, in the District of Columbia."

The purpose of this bill is to exempt from taxation the property now known for assessment and taxation purposes as Lot 841 in Square 170, and formerly known as Lot 833 in Square 170. Title to the property heretofore owned by the American Institute of Architects has changed and is now held by the American Institute of Architects Foundation, Incorporated. The change in ownership is the reason underlying the introduction of this bill because the property does not qualify for exemption under the provisions of the 1942 general exemption act.

The property was originally exempted by Private Law 861, 84th Congress, 2d Session, which was approved August 3, 1956, and is now being maintained and operated by the successor corporation in the same manner as provided for in Private Law 861; that is, as an historical building known as the Octagon House open to the general public without charge. Since the Congress previously concluded to exempt the above-referred to property from taxation, the District, for this reason, does not oppose the enactment of H.R. 10364.

The assessed value of the land for the fiscal year 1970 is $270,133.00 and the improvements are valued at $15,300.00, for a total valuation of land and improvement of $285,433.00. The revenue loss to the District in real property taxes is $8,562.99. It is impossible to estimate the loss to the District of personal property taxes since the personal property located in the Octagon House and the value thereof are subject to changes.

The Bureau of the Budget has recently advised the District of Columbia that the aforementioned report is deemed by the Bureau to be local in nature, and requires no action on the part of the Bureau.

Sincerely yours,

THOMAS W. FLETCHER,
Assistant to the Commisisoner
(For Walter E. Washington, Commissioner).

SECTION 204—COMPUTATION OF DEPRECIATION ALLOWANCES

Certain provisions of Title VI of the District of Columbia Revenue Act of 1969 (October 31, 1969, Public Law 91-106, Title VI, 83 Stat. 177) were adopted in the interest of conforming District and Federal income tax law, including the computation of allowances for depreciation.

The provisions of the 1969 Revenue Act amending the requirements for computation of depreciation deductions for District Income and Franchise Tax purposes did not give sufficient consideration to the specialized situation of certain taxpayers who historically have used different methods of computing depreciation for Federal and District income tax purposes. No transitional rules were included in the 1969 Revenue Act to achieve conformity in the amount of the remain-

ing tax basis for depreciable property in cases where such differing depreciation methods had been employed. By specifying the appropriate transitional rules. Section 204 of HR 19885 clarifies the intent of Congress in the 1969 Revenue Act with respect to the provisions bringing District depreciation practices into conformity with Federal practices without introducing inequities.

As amended by the District of Columbia Revenue Act of 1969, the depreciation provisions of the D.C. Income and Franchise Tax Act of 1947 (D.C. Code Sections 47–1557b and 47–1583e) simply specify that for District purposes the "basis used in determining the amount allowable as a (depreciation) deduction . . . shall be the same basis as that provided for determining the gain from the sale or other disposition of property for Federal income tax purposes under the Internal Revenue Code of 1954." Literal application of this language, without giving consideration to accumulated differences between District and Federal tax reporting, where such differences exist, would deny taxpayers the opportunity to claim deductions for the full amount of depreciation applicable to their property investments; this was not the intent of Congress in the 1969 amendments to the District of Columbia Income and Franchise Tax Act.

The choice of one tax depreciation method against another method is basically a question of the timing of the depreciation deductions. (The so-called "accelerated" depreciation methods result in higher deductions in earlier years and lower deductions in later years as compared with the "straight-line" depreciation method which results in level depreciation deductions over the life of an asset.) The aggregate amount of the tax deductions over the life of the asset should be the same regardless of the method employed.

The proposed amendment to Section 47–1557(a)(7) of the Act recognizes this by adding a transitional provision to accomplish this result. In cases where a taxpayer has historically claimed District depreciation deductions which were less than the corresponding Federal deductions, with the result that the taxpayer's remaining District "basis" is higher than the corresponding Federal "basis", the substitution, for District purposes, of the lower Federal "basis" will be accompanied by a deduction for the amount of such reduction in "basis" applicable to property held at the date of change, with the proviso that such an adjustment may be made over a period not to exceed 10 years as agreed upon by the taxpayer and the Commissioner. This approach to dealing with the adjustment is in accord with the provisions of the Internal Revenue Code of 1954 for dealing with such adjustments arising from changes in accounting methods and practices. This amendment applies only to depreciable property used in a trade or business.

In achieving equity for affected taxpayers by adding these transitional provisions, this amendment should not adversely affect District revenues since, as previously noted, it involves only the timing of legitimate depreciation allowances.

TITLE III—MEDICAL AND DENTAL SCHOOL SUBSIDY

Purpose

The purpose of this Title, as amended, is to assist private nonprofit medical and dental schools in the District of Columbia, through

Federal grants for fiscals years 1971 and 1972, in their critical financial needs for those two years in meeting the operational costs required to maintain quality medical and dental educational programs and to increase the number of students in such institutions, as a necessary health manpower service to the metropolitan area of the District of Columbia.

The schools affected by this legislation will be the George Washington University Medical School and the Medical and Dental schools of Georgetown University.

Provisions

The principal provisions of this Title are as follows:

1. The Secretary of Health, Education, and Welfare is authorized to make grants to the Commissioner of the District of Columbia, in an amount not to exceed the minimum necessary to achieve the purposes of this title; and in no event may such a grant in any fiscal year exceed the sum of (1) the product of $5,000 times the number of full-time medical students enrolled in private nonprofit medical schools in the District of Columbia, and (2) the product of $3,000 times the number of full-time dental students enrolled in private nonprofit dental schools in the District.

2. Authority is provided for the appropriation of $6.2 million for fiscal year 1971, and of such sums as may be necessary for fiscal year 1972, to make the above-mentioned grants.

3. Provision is made regarding the filing of applications by the D.C. Commissioner to the Secretary of HEW for these grants, including the authority of the Secretary to require such determinations and assurances as he may deem necessary to assure proper disbursement of and accounting for the funds involved.

4. Provision is made for the method of determining the numbers of students as the basis for establishing the maximum amounts of the grants.

5. Grants from the Secretary of HEW to the Commissioner may be paid in advance or by way of reimbursement, with appropriate adjustments for overpayments or underpayments previously made.

6. In assessing the needs of the several schools, the Secretary of HEW shall take into consideration any grants made to these schools under section 772 of the Public Health Service Act (42 USC 295f–2), relating to financial assistance for schools in need of aid in meeting their costs of operation.

7. The Commissioner of the District of Columbia is authorized to make grants to private nonprofit schools of medicine or dentistry in the District. These grants shall involve only those funds included in the grants authorized in this title from the Secretary of HEW to the D.C. Commissioner.

8. Provision is made regarding the filing of applications by the schools to the D.C. Commissioner for these grants, including the authority of the Commissioner and the Secretary of HEW to require such content, determinations, fiscal control and accounting procedures, and access to the schools' records as may be deemed necessary to assure proper disbursement and accounting of such funds.

9. Grants from the D.C. Commissioner to the schools may be paid either in advance or by way of reimbursement, with appropriate adjustments by reason of previous overpayments or underpayments.

10. In determining the financial needs of the medical and dental schools, the D.C. Commissioner shall take into consideration any grants made to these schools under section 772 of the Public Health Service Act (42 USC 295f–2).

Background

The entire structure of medical education in the United States is facing difficult and threatening financial problems today. In fact, all higher education in the nation is confronted with grave financial difficulties. The problems of medical education, however, are particularly acute. Medical education has always been the costliest element of higher education, because of the integral laboratory and clinical care activities involved. These high costs have now been compounded by the price-wage inflationary spiral which has been advancing at a rate in excess of 6 percent per year.

In addition, the rapid advance of science and medical technology has changed profoundly the character of medical education, as it has that of medical care and health services. Thus, medical science has become increasingly complex, and the processes of diagnosis and therapy now encompass a vast array of technical services, powerful drugs, and increasingly complicated techniques. And as these changes have added to the cost of medical care, so also have they added to the costs of medical education.

Furthermore, medical education now embraces a wide range of tasks and responsibilities. Once confined to the limited task of educating the future M.D., it now encompasses major research programs, graduate education in both the basic and clinical sciences, and a growing responsibility for patient care and community service. This process of growth has been accomplished by extensive changes in the basic financial support base for these institutions. For the better part of the post-war period, national concern with the solution of major disease problems funneled Federal support flowing to medical education into the single function of research. This increase in Federal support for research took place at a time when the role formerly played by foundations, private support sources, and other philanthropy in supporting medical education was diminishing in magnitude.

At the same time, the medical schools were being asked to greatly expand their educational functions in the production of M.D.s and other health professions, and to extend their capabilities in the community health scene. Recently, because of budgetary pressures of the Viet Nam war, national efforts to control inflation and shifting priorities on the national scene have resulted in a substantial turn-down in the flow of research funds to medical schools which, heretofore, had been their principal form of Federal support. While national programs were initiated to expand the production of physicians, these new Federal programs have ignored the growing instability of the financial base of American medical education. This is the set of problems with which the entire medical school community is confronted today.

These trends have had their earliest and most serious impact upon private medical schools, because of their crucial dependence upon operating income and endowment earnings. As a result of these trends, many of these private medical schools have now been brought

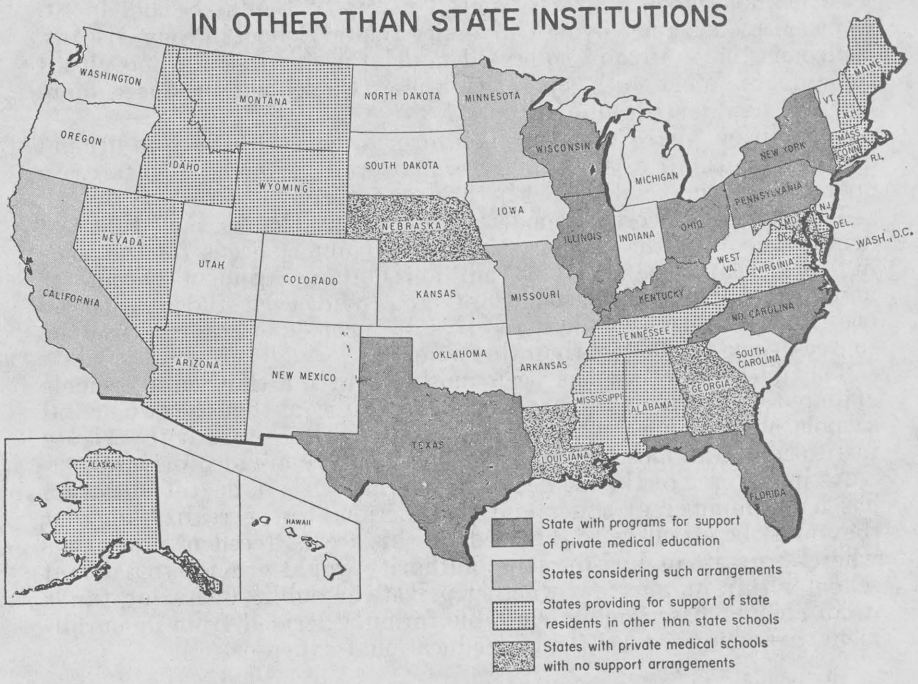
to the very brink of financial disaster. The repeated deficits which they have faced have forced them, in many instances, to use endowment capital to cover operating costs. The prospect of substantial cutbacks in these private medical education programs and, indeed, even of closure of existing medical schools because of these financial problems, has given rise to substantial concern on the part of many state governments for the private institutions within their boundaries.

In New Jersey, for example, the insuperable financial problems besetting one private institution led to its being transferred to state ownership and operation. Many other states have enacted some form of direct state assistance to the private medical schools within their boundaries. Of the twenty-one states with private medical schools, in fact, nine have now enacted some arrangement for direct support of these institutions; and three other states are presently considering such arrangements.

In addition to these direct arrangements for the support of private medical schools, twelve other states provide support for medical education in other than their own institutions through some form of regional educational compacts; or, as in the case of Delaware, through direct contracts with other medical schools.

Most of these state arrangements for support of private schools are in the form of a payment per student to cover the annual operating costs of his education. In Florida, for instance, the legislature provides a payment of $6,500 per Florida resident to the private school where he is studying medicine. These funds are for operating costs only. In Illinois, the arrangement provides for a contribution of $6,000

STATES PROVIDING SUPPORT FOR MEDICAL EDUCATION IN OTHER THAN STATE INSTITUTIONS



per student to cover operating costs. In Ohio, the payment is $5,100 per medical student. In Texas, the legislature passed legislation permitting payment to Baylor College of Medicine of up to $17,000 for each Texas medical student enrolled in that college.

While some of the other states provide support at lesser amounts per student, the general level is comparable to, if not higher than the maximum of $5,000 per student payment proposed in this legislation for the schools in the District of Columbia.

The following exhibit shows in some detail the prevalence of programs of state support throughout the nation for medical education in private medical schools.

This same picture of financial difficulty applies also to the dental schools throughout the nation. The fact that the United States today is gripped by a genuine crisis in its efforts to provide continuing, comprehensive, high-quality health services to its people is nowhere more true than in the field of dentistry.

Presently, there is a serious shortage of dentists in this country, ranging between 17,000 and 20,000; and recent HEW projections indicate a shortage by 1980 of 56,600 dentists. In 1953, the ratio of dentists to population nation-wide was 1 to 1,677. Today, the ratio is 1 to 2,100.

The 53 dental schools in the country are straining their resources to the utmost to respond to the national demand and need for more dental care. Total enrollment in dental schools increased from 13,580 to 16,008 during the past decade; and the number of graduates during that period rose from 3,253, to 3,433.

There is a serious question, however, as to whether this intensification of effort can continue. The dental educational system, like that of medicine, is caught in the most severe financial crisis in its history. Two dental schools . . . St. Louis University Dental School in St. Louis, Missouri, and Loyola University Dental School in New Orleans, Louisiana, have already collapsed under the fiscal strain and closed their doors. When fully operative, these two schools produced more than 130 new dentists annually.

In addition, your Committee is informed that at least six additional dental schools, all of them private, may well be forced also to cease operation for financial reasons in the near future.

The spiralling cost of modern dental education is such that the dental schools of the nation estimate their unmet needs for the coming fiscal year to be nearly $35 million. On a per student average, it now costs a dental school some $8,400 to provide each student with the necessary education, while it receives, in income per student from all sources, some $3,000 less than this amount.

The financial crisis has been most severe for the dental schools affiliated with private universities. It is significant that the two dental schools named above which were forced to close were both private institutions, and most of those now near failure are also private.

As in the case of the medical schools, this crisis in dental education has led a number of states and jurisdictions to the realization that they must be attentive to the needs in this area. Precedent now exists whereby a state or jurisdictional authority would provide to a dental school within its purview, whether private or public, operating funds in an amount based on an equitable formula derived from its enrollment, graduates, and attendant educational expenses.

Plight of the Local Private Institutions

1. George Washington University School of Medicine

The George Washington University is filling a vital role in helping supply the medical manpower needs of the District of Columbia and of the Nation. At present, however, this role is imperiled by increasingly inadequate financial support. While the Medical School has made every effort to effect economies, its expenses have increased annually as a result of a larger student body, the accelerated costs of instruction, and the spiralling price of supplies, equipment, and overhead.

The plight of this Medical School is one of increasing operational losses. Despite extensive measures to raise additional funds from all sources, the school operated at a critical loss of more than $1,900,000 for the academic year of 1969–1970. All its reserves have been expended, and the school is now using its unrestricted endowment principal to cover deficits.

The projected costs for medical education in the George Washington University School of Medicine for 1970–71 are $18,444 per student. With a deficit of $2,269,389, the per capita loss for each anticipated student during that year will be some $5,100. It is further estimated that this educational deficit will remain well over $5,000 per student yer year for the foreseeable future.

This Medical School has used every private financial source open to it, and your Committee is assured that strenuous efforts will be continued, to obtain these sorely needed private funds. In addition, the present tuition rate of $2,000 per year is to be increased to $2,500 for the 1971–72 academic year, and to $3,000 the following year. There is a limit, however, to how high the tuition rate can be raised. Scholarship and loan funds are already inadequate, and many well-qualified students will find it very difficult to pay these higher tuition fees, plus the additional expenses of room, board, books, and equipment associated with their medical education.

The true cost components of the School of Medicine are administration, instruction, library, physical plant, and sponsored programs. Teaching and scientific research are so interrelated in this school that one could not exist without the other.

The following exhibit, which shows in detail the actual and projected income and expenses of the George Washington University School of Medicine, for academic years 1967–68 through 1972–73, together with the past, present, and anticipated future deficits, presents this grim financial picture clearly.

THE GEORGE WASHINGTON UNIVERSITY MEDICAL CENTER SCHOOL OF MEDICINE—ACTUAL AND PROJECTED INCOME AND EXPENSES BY ACTIVITY

[Fiscal years 1967–68 through 1972–73]

	1967–68	1968–69	1969–70	1970–71	1972–72	1972–73
INCOME						
Tuition	839, 323	866, 976	902, 760	950, 000	1, 152, 000	1, 364, 000
Federal Sponsored Programs	2, 398, 649	3, 141, 855	3, 080, 500	3, 088, 500	3, 080, 500	3, 080, 500
Private Sponsored Programs	757, 468	992, 165	972, 770	972, 770	972, 770	972, 770
Gifts and Grants	668, 317	683, 850	734, 240	750, 000	800, 000	850, 000
Endowments	172, 512	220, 662	222, 000	185, 000	132, 000	128, 000
Totals	4, 836, 269	5, 905, 508	5, 912, 270	5, 938, 270	6, 137, 270	6, 395, 270
EXPENSES						
Administration	836, 566	1, 064, 745	1, 246, 113	1, 280, 407	1, 374, 590	1, 450, 300
Instruction	1, 937, 931	2, 165, 745	2, 432, 346	2, 647, 844	2, 842, 540	2, 999, 140
Library	111, 304	133, 290	141, 700	161, 138	172, 995	182, 530
Physical Plant	297, 291	302, 000	340, 000	375, 000	402, 570	424, 760
Federal Sponsored Programs	2, 166, 568	2, 901, 019	2, 804, 600	2, 804, 600	2, 804, 600	2, 804, 600
Private Sponsored Programs	744, 541	955, 053	938, 670	938, 670	938, 670	938, 670
Totals	6, 094, 201	7, 521, 852	7, 903, 429	8, 207, 659	8, 535, 965	8, 800, 000
Number of Students	409	413	432	445	460	475
DEFICIT	($1, 257, 932)	($1, 616, 344)	($1, 991, 159)	($2, 269, 389)	($2, 398, 695)	($2, 404, 730)
Cost per student	$14, 900	$18, 213	$18, 295	$18, 444	$18, 556	$18, 526
Deficit per student	($3, 076)	($3, 914)	($4, 609)	($5, 100)	($5, 214)	($5, 062)

September 10, 1970.

The geographic scope of this school is demonstrated by the following exhibit, which shows that the 432 students enrolled during the year 1969–1970 came from 35 states or territories, the District of Columbia, and 12 foreign countries.

Geographical distribution of students in attendance at George Washington University School of Medicine in 1969–70

Arizona	5	North Carolina	1
California	35	Ohio	12
Colorado	2	Pennsylvania	21
Connecticut	20	South Carolina	1
Delaware	3	Tennessee	1
District of Columbia	17	Texas	3
Florida	6	Utah	15
Georgia	1	Virginia	18
Hawaii	2	Washington	17
Idaho	4	West Virginia	1
Illinois	3	Wisconsin	2
Iowa	1	Virgin Islands	1
Kentucky	1	Argentina	1
Maine	2	Canada	1
Maryland	61	Congo	1
Massachusetts	16	El Salvador	1
Michigan	4	Guatemala	1
Mississippi	1	Haiti	2
Montana	4	Honduras	1
Nebraska	1	Kong Kong	1
Nevada	1	Mexico	1
New Jersey	58	Nigeria	1
New Mexico	2	Portugal	1
New York	75	Thailand	1

Entering class:

1966	99
1967	107
1968	111
1969	115
Total	432

For the present academic year, the George Washington University School of Medicine received more than 23 applications for each available place in the entering class. The faculty of the school is acutely aware of the shortage of educational opportunities in medicine for minority students, and the school encourages undergraduate minority students to prepare for and pursue a career in medicine. This is accomplished through summer fellowship programs in which these college students work under the tutelage of teachers in the various departments of this School of Medicine.

It is well known that the faculty members of this school provide a variety of essential health services to the entire Washington Metropolitan area. In addition, its graduates practice in every state in the Union, in the military services, and in many foreign lands. The George Washington University School of Medicine is truly a national as well as a local health resource, and your Committee feels that it must be maintained as such. We are advised, however, that unless additional funds are made available, as provided in this proposed legislation, this school will be unable after this year to continue its present educational program. This, in our opinion, would indeed be a catastrophe, in view of the 141 years of service of this fine institution as a distinguished local and national health source of capable physicians.

2. Georgetown University Schools of Medicine and Dentistry

The Georgetown University School of Medicine has both a national and a regional character. Thirty-four states, the District of Columbia, and the Territory of Puerto Rico were represented among its 471 students during the academic year 1969–70. There are no restrictions or quotas whatever in the admissions process at this school with regard to race, religion, sex, or geographic region.

The applicant pool for this School of Medicine has grown steadily. For the class that entered in September 1969, there were more than 2,200 applications for the 121 places in the class. At the same time, attrition in the student body has fallen steadily to a level of about 6 percent for the entire four years of medical education.

The curriculum at this school has undergone extensive reform. Earlier clinical experience and more extensive learning opportunities in ambulatory health services are among the innovations.

In the summer of 1969, in a series of faculty conferences and workshops, the decision was made to increase the enrollment of the Georgetown University School of Medicine by 75 percent in less than five years. The class which entered last September numbers 175 students, as compared to 121 in the previous year; and the class entering in September 1971 and each year thereafter will number 205. There were 3,200 applicants for the 175 places in the September 1970 class.

This same dedication to health service also pervades the Georgetown University School of Dentistry, which also enjoys a nation-wide reputation as a vital unit in the supply of dentists on both a regional and a national basis.

Like the George Washington University School of Medicine, however, both the medical and dental schools of Georgetown University are beset by a grave financial crisis. For the past three academic years, including estimates for the year ending June 30, 1970, the deficit in the School of Medicine has ranged up to some $3,300 per student, and in the School of Dentistry the deficit per student has averaged more than $1,600.

The projected loss for the present academic year in the Georgetown University School of Medicine is some $2,618,000 for a student body of 523, or a deficit of $5,005 per student. For academic year 1971–72, their deficit is projected at more than $5,000 per student, and for the year 1972–73 the deficit estimate is $3,592,000 for a student body of 692, or a deficit of more than $5,100 per student.

In the School of Dentistry, the deficit per student is estimated at some $3,327 for academic year 1971–72, and at $3,987 for the year 1972–73.

This financial picture is presented graphically in the two following exhibits.

SCHOOL OF MEDICINE, GEORGETOWN UNIVERSITY MEDICAL CENTER—ACTUAL AND PROJECTED INCOME AND EXPENSE BY ACTIVITY

[In thousands]

	1967–68	1968–69	1969–70	1970–71	1971–72	1972–73
Income:						
Tuition	$944	$1,053	$1,135	$1,200	$1,500	$1,900
Federal sponsored programs	5,974	5,759	5,400	6,080	6,712	7,219
Private sponsored programs	1,740	1,960	2,100	2,000	2,000	2,000
Gifts	100	101	106	112	117	123
Endowment	112	168	178	187	196	206
Other	17	76	78	82	86	90
Total income	8,887	9,117	8,897	9,661	10,611	11,538
Expense:						
Administration	1,372	1,348	1,390	1,692	1,828	1,928
Instruction	1,455	1,610	1,778	2,017	2,511	3,079
Library	43	43	60	83	95	105
Physical plant	497	502	522	1,240	1,432	1,632
Federal sponsored programs	5,505	5,066	4,767	5,447	6,079	6,586
Private sponsored programs	1,542	1,762	1,800	1,800	1,800	1,800
Total expense	10,414	10,331	10,317	12,279	13,745	15,130
Deficit	1,527	1,214	1,420	2,618	3,134	3,592
Number of students	453	464	471	523	609	692
Cost per student	$22,988	$22,265	$21,904	$23,478	$22,569	$21,864
Deficit per student	($3,371)	($2,616)	($3,015)	($5,005)	($5,146)	($5,190)

September 10, 1970.

SCHOOL OF DENTISTRY, GEORGETOWN MEDICAL CENTER—ACTUAL AND PROJECTED INCOME AND EXPENSE BY ACTIVITY

[In thousands]

	1967–68	1968–69	1969–70	1970–71	1971–72	1972–73
Income:						
Tuition	$756	$868	$965	$1,013	$1,100	$1,210
Federal sponsored programs	327	723	720	720	720	720
Private sponsored programs		50	50	50	50	505
Gifts	43	41	43	45	50	55
Endowment	24	25	32	33	35	37
Other	61	32	33	35	37	40
Total income	1,211	1,739	1,843	1,896	1,992	2,112
Expense:						
Administration	385	395	433	715	773	832
Instruction	521	542	595	756	920	1,259
Library	18	20	22	30	33	37
Physical plant	574	585	607	1,043	1,122	1,223
Federal sponsored programs	286	649	646	646	646	646
Private sponsored programs		45	45	45	45	45
Total expense	1,784	2,236	2,348	3,235	3,539	4,042
Deficit	573	497	505	1,339	1,547	1,930
Number of students	393	398	413	441	465	487
Cost per student	$4,539	$5,618	$5,685	$7,336	$7,611	$8,300
Deficit per student	($1,458)	($1,249)	($1,223)	($3,036)	($3,327)	($3,963)

July 1970.

Georgetown Univerity also has done its utmost to assist itself in the obtaining of funds to meet these spiralling cost of operation of its Medical and Dental Schools. The tuition fee for students entering this session in the Medical School is $2,600 per year; and in the School of Dentistry the tuition is now up to $2,500 per year. Student requests for loans and scholarships far exceed the funds available, and these high tuition charges undoubtedly work a serious hardship on the students and their families.

The schools are exploring the role of new teaching technology, and seeking to determine the most efficient use of their facilities. The faculty has redesigned the new student laboratories, at no additional cost, to accomodate the great increase of students in the School of Medicine. Also, they are experimenting with self-instructional audio-visual devices, and exploring the role of programmed instruction in medical education. Thus, the faculty at this school are doing their utmost to bring the escalating costs of medical education under control.

The matter of minority group admissions to these two schools has received special attention. Individual contacts have been established with premedical advisors at many predominantly black colleges and universities. Representatives of the District of Columbia public schools and the University have worked towards implementation of a program directed at increasing the pool of applicants from the Metropolitan Area of the District of Columbia.

As in the case of the George Washington University School of Medicine, the Georgetown University Schools of Medicine and Dentistry are facing the grim likelihood of being forced to close their doors unless some additional source of funds is made available to them, as would be provided in this proposed legislation. This would mean the cessation of operation of health manpower resources in the Metropolitan Area of the District of Columbia that have enormous local, regional, and national impact.

Contributions of the Local Private Institutions to the Health of the Washington Metropolitan Area

The health services rendered by these two great medical centers to the hospitals in the Washington Metropolitan area are so essential that the schools of medicine at George Washington University and Georgetown University and the school of dentistry at Georgetown University must be kept viable in the public interest.

The Georgetown and George Washington Universities have assumed an impressive role in contributing to quality health care in this community. They have become involved in the problems of increasing both the quality and the quantity of health care services, not only through the provision of multifaceted University hospital service programs geared to all income segments of its population, but also to the extension of the education environment into a number of community health care institutions by affiliation.

Georgetown University's teaching faculty, house staff, and students, for example, are found in Arlington Hospital, Children's Hospital, the Hospital for Sick Children, and the District of Columbia General Hospital. In addition, Georgetown's speciality affiliation programs are located in the Washington Veterans Hospital, Providence and Sibley

Hospitals. In addition to these impressive institutional service commitments, Georgetown University also has assumed responsibility for operating the District Government's P Street Clinic for adolescent mental health patients. This service is unique, and serves to plug a serious gap in the D.C. Department of Public Health's program which otherwise would be unmet because of lack of staff. The Georgetown University's School of Dentistry has similar involvement.

The George Washington University School of Medicine also is making important contributions in the health professional area. This University, with its teaching faculty, house staff, and students, has affiliation agreements with Columbia Hospital for Women, The Fairfax Hospital, St. Elizabeth's Hospital, the Washington Hospital Center, Children's Hospital and the District of Columbia General Hospital.

George Washington has also extended its educational programs and speciality services throughout the community into the Walter Reed Army Hospital, the Bethesda Naval Hospital, the Armed Forces Institute of Pathology and the National Institutes of Health.

The George Washington University recently opened its impressive Comprehensive Care Program. This service center is one of the few of its types in the country and provides its patients from all income levels with the highest quality of care available at the most economical rate.

These are some of the facts which illustrate the George Washingto University School of Medicine and the Georgetown University Schools of Medicine and Dentistry's position as integral elements of the health care system in the Washington Metropolitan Area. The absence of curtailing of the services provided by these institutions would seriously jeopardize both the quality of health care here at a time when Federal Programs and public demands for health care are increasing at a unprecedented rate.

By virtue of the services that these schools give to the Metropolitan Area hospitals, they have become an essential health manpower resource for the residents of the entire Washington Metropolitan Area. Further, it should be noted that their staffing of the public health institutions, especially at D.C. General Hospital, is a responsibility which in most states is performed by state schools.

In terms of dollar service contributed by these Schools of Medicine and Dentistry to the Washington Metropolitan Area, the services rendered by these Medical Centers, for which they do not receive reimbursement, are greater than the amounts requested in this legislation. One such program is the Medical Charities Program which provides hospital and clinical care to indigent patients by the Medical School staffs of these Universities. In the fiscal year 1969, dollar services were provided which cost millions above the amount that was actually paid.

Hearings

Public hearings on this proposed legislation were held on August 12, September 16, and September 19 of this year. Testimony in support of the legislation was presented by spokesmen for George Washington University, Georgetown University, the Hospital Council of the National Capital Area, the Dental Society of the District of Columbia, and the American Dental Association.

Committee Amendments

The amendments to this Title adopted by your Committee do not alter in any way the effect of the proposed legislation or its original intent. The amendments do, however, serve to strengthen the role of the Secretary of Health, Education, and Welfare in assuring that the grants authorized herein will be determined with proper regard to the amount of Federal funds which the recipient schools will be receiving under the provisions of the Public Health Service Act, thus keeping the assistance to these medical and dental schools in the District of Columbia in proper perspective in relation to HEW's nation-wide efforts in the way of assistance.

Conclusions

There is no question whatever, in the opinion of your Committee, that the financial needs of the schools of medicine and school of dentistry at George Washington University and Georgetown University are in such a critical status that unless additional funds can be made available to them, the continued existence of these schools and the great service which they render to society are seriously in jeopardy.

The Universities themselves have exercised heroic efforts to obtain operating financial support from private resources in order to stay in existence. Despite these efforts, however, the financial operating reserves for medical and dental education at both Universities have been exhausted in paying for past years' deficits. The schools are now into endowment funds, which will be exhausted before this fiscal year terminates.

Both Georgetown and George Washington Universities have received excellent support from alumni and friends for capital funds. For example, the George Washington University School of Medicine raised $8.5 million in assets and pledges for its building fund. However, these schools are faced with a widening gap between income and operating expense which they have been unable to close despite these efforts.

This threat to the continued existence of these medical and dental schools is a very real one. In 1964, George Washington University discontinued its school of pharmacy. And several decades earlier, George Washington closed its dental school. In both instances, these decisions were reluctantly reached because a reduction of expenses for dental and pharmacy education was incompatible with the standards of excellence of this distinguished university, and the only alternative was to eliminate these programs from the university's budget.

It is the opinion of your committee that the Federal Government is the logical and proper source for the financial assistance which these schools so direly need. These schools of medicine and dentistry provide vital health services and personnel far beyond the boundaries of the District of Columbia. For example, the following exhibit shows that, in June of this year, graduates of these three schools were actively engaged in medical and dental practice in every State in the Union, in addition to Puerto Rico and the District of Columbia. It is doubtful that any other schools of medicine and dentistry are thus so truly national in character.

Location of graduates of George Washington University School of Medicine, Georgetown University School of Medicine, and Georgetown University School of Dentistry, as of June 1970

	Numbers
Alabama	64
Alaska	11
Arizona	63
Arkansas	4
California	834
Colorado	62
Connecticut	473
Delaware	46
District of Columbia	1,008
Florida	316
Georgia	72
Hawaii	31
Idaho	36
Illinois	91
Indiana	34
Iowa	17
Kansas	19
Kentucky	26
Louisiana	27
Maine	52
Maryland	1,096
Massachusetts	570
Michigan	105
Minnesota	43
Missouri	41
Mississippi	10
Montana	15
Nebraska	6
Nevada	21
New Hampsire	41
New Jersey	890
New Mexico	22
New York	1,695
North Carolina	110
North Dakota	8
Ohio	204
Oklahoma	25
Oregon	28
Pennsylvania	666
Puerto Rico	92
Rhode Island	162
South Carolina	46
South Dakota	9
Tennessee	26
Texas	117
Utah	98
Vermont	19
Virginia	662
Washington	104
West Virginia	40
Wisconsin	53
Wyoming	6
Total	10,308

As has been pointed out elsewhere in this report, in a substantial number of the states in which there are private schools of medicine and dentistry, this same critical financial problem is being met by various arrangements for their direct support by state funds. Further, your Committee is advised that the maximum per student request for assistance to the medical and dental schools of George Washing-

ton University and Georgetown University, in this proposed legislation, is within the average norm of legislatively appropriated funds being granted to the private medical and dental schools elsewhere by the states within which they exist. Thus, these Universities are asking that the Federal government, in this instance in its role of a state legislature with respect to the District of Columbia, take the same action which these other states have adopted for the vital purpose of assuring the continued operation of these indispensable schools.

To reduce the matter to its simplest terms, there are only three possibilities apparent to your Committee for these schools:

1. To close the schools because of lack of funds;
2. To have the schools become the possession of the District of Columbia; or
3. To obtain funds from the Federal government in lieu of a state government.

This Committee feels strongly that the first of these possibilities is completely unthinkable, as the closing of these vitally needed health manpower facilities would be a disaster for the medical services in the District of Columbia. The medical manpower needs in terms of physicians at D.C. General Hospital and several of the area health centers in the District of Columbia are directly dependent upon the continued existence of these sources of medical personnel; and also, both schools render considerable service to the Metropolitan area hospitals as well, both public and private. Therefore, the first possibility must be excluded in view of the health needs of the District of Columbia and the entire Washington Metropolitan area.

As for the second alternative, to have the District of Columbia government assume the responsibility, in the role of a state government, of the ownership and operation of the schools of medicine at George Washington University and Georgetown University, as well as the school of dentistry at the latter, does not represent a real solution at all, in the opinion of your Committee. These schools make every effort to be of all possible assistance and service to the D.C. Department of Public Health. To turn over the responsibility and the financial requirements of these schools to the District of Columbia government, however, would seriously further burden the District of Columbia budget and, in the opinion of your Committee, would actually be unfair since these schools are nation-wide in scope, and region-wide in function and service.

Thus, we conclude that the third alternative, which involves the enactment of this proposed legislation, is essential and represents a fair and equitable assumption of responsibility on the part of the Federal government toward these vitally needed schools, which although located in the District of Columbia are far wider in their scope of activity than the responsibility of the District government.

As is shown in the financial statements elsewhere in this report, these local private medical and dental schools do receive some financial assistance from the Department of Health, Education, and Labor under the provisions of section 772 of the Public Health Service Act. This program extends, of course, to all such schools throughout the country. However, the statements refered to show clearly that the amount of this assistance which is allocated to George Washington University and Georgetown University falls far short of supplying their current critical need.

Your Committee is advised that the Department of Health, Education, and Welfare is currently conducting a thorough study of the financial needs of the medical and dental schools throughout the country, and of means through which the Department may be able to provide the necessary assistance to keep these institutions in operation with no lowering of their standards of education and service. The Department is to report its findings and recommendations to the Congress by July 1, 1971, and it is to be hoped that this may prove to be the key to legislation which will enable HEW eventually to provide all necessary and proper financial assistance to such institutions on a nation-wide basis. Should this be the case, then of course there may be no need to extend the provisions of this Title of H.R. 19885 beyond fiscal year 1972, and it is entirely possible also that the amounts of the grants authorized therein may be able to be substantially reduced below the maximum levels provided. At this time, however, the members of your Committee recognize that an immediate emergency exists in these particular schools of medicine and dentistry, for which we can see no solution other than the provisions of this proposed legislation.

We commend this legislation for favorable action, therefore, because it will furnish the funds immediately needed, and thus will assure the continued existence of these vitally important institutions at least until such time as other provision may be made.

TITLE IV—FUNDS FOR HIGHER EDUCATION

SECTION 401—EQUAL SHARING OF LAND GRANT FUNDS BY FEDERAL CITY COLLEGE AND THE WASHINGTON TECHNICAL INSTITUTE

Sec. 401 of this bill would amend the District of Columbia Public Education Act of 1968, (D.C. Code, Tit. 31, Sec. 1607) so as to add the Washington Technical Institute, to the already-named Federal City College, as an entity that shall receive the benefits of the Land-Grant College Acts.

Since the passage of in 1968 P.L. 90–354 which amended the D.C. Public Education Act by designating the Federal City College as the land-grant college for the District, the Washington Technical Institute has not participated as a principal party with the Federal City College in the sharing of land-grant funds or in providing certain land-grant activities for the District residents, contrary to the clearly-expressed intent of Congress, and despite the explicit "Statement of Cooperative Participation betweent the Washington Technical Institute and the Federal City College in Land Grant College Programs" entered into March 29, 1968 and appended hereto. That statement and agreement between the two institutions was a condition precedent to the approval of the land grant legislation by Subcommittee No. 5 of your Committee and by the full Committee. Without such agreement, there would have been no such legislation.

Further, it is a fact that the Washington Technical Institute was the only institution named in the initial legislation and designated to receive the benefits of the Land-Grant College Acts, and the Federal City College was subsequently substituted for the reasons set forth in your Committee's legislative report in support of the bill which became P.L. 90–354.

The colloquy between Congressman Ancher P. Nelsen, sponsor of the original legislation, and Doctors Randolph and Dennard, presidents respectively of the Federal City College and The Washington Technical Institute, with regard to the distribution of the Land Grant funds, as discussed during the hearings of Subcommittee No. 4 in this Congress, are quite pertinent and are submitted for the information of the House:

(Excerpts from Hearings, Subcommittee No. 4, House Committee on the District of Columbia, 91st Cong., 2d Sess., on "Revenue Proposals", pp. 207–208, 223)

Mr. NELSEN. Thank you, Mr. Chairman. I want to welcome Dr. Randolph and Dr. Dennard to the hearings.

* * * * *

I hope that the formula for the Land Grant moneys has been worked out. Have you any comment on that, Dr. Randolph, because early in the stages of the Land Grant Bill we were concerned about what kind of a division, and is it fair and have we mutually agreed on a plan looking out ahead?

Dr. RANDOLPH. The position of the Board and the position of administration is that a method for sharing those funds which the Department of Health, Education, and Welfare and the Department of Agriculture have indicated to us can be shared is to be worked out between the College and the Washington Technical Institute. That position still holds and is still firm. I think our principal difficulty has been the schedules of Dr. Dennard and myself trying to find the correct hour at which we can sit down and make those decisions.

Mr. NELSEN. Now, as with the Land Grant money nationwide, I think some of us sort of felt it should be more directly associated with a technical or vocational school, but we found that under the law you had to route it through a Liberal Arts college on down. I just want to make it very clear that we want to be very sure that the Washington Technical Institute, Vocational Education, gets generous consideration, because I think this is an area that nation-wide we have found we have neglected, training people in crafts, as industry is just begging for the product of our schools. In fact, in our own State my son teaches in a vocational school or trade school and that is their experience, so I just want to make that observation.

* * * * * * *

Mr. FUQUA. Mr. Nelsen?

Mr. NELSEN. Yes; thank you. I wish to welcome our very competent friend, Dr. Dennard, to the hearing and congratulate him on the job he has done. I want to comment about the next to the last paragraph on page 5. There is a lot of wallop in that paragraph about what the Washington Technical Institute seeks to do, and I commend the statement because I believe it has done exactly that.

LAND GRANT FUNDS

Now, you mentioned something about your not participating in the Land Grant funds, and I ask the question, why, and what is your problem this year? Is it the budget in the current year in which you are not participating?

Dr. DENNARD. I suppose the reason, Mr. Nelsen, is simply, that, with the existing agreement between the two Boards, as of today's date we have not been able to get together to decide how much of the resources are going to be allocated to the Institute for what purposes. I feel quite certain that this can be done within the next week or ten days, but as of today's date it just simply has not been done.

Mr. NELSEN. I see. It should be done in my judgment, and I hope it will be. Now, how are the Land Grant funds handled in the States? Do they go to the State treasury to be allocated or how is it handled in the States?

Dr. DENNARD. In the several States the State Legislature usually designates which institutions would carry out what functions and then the moneys go into the State treasury, are either routed directly to the institution for the insitution to invest them in governmental securities or they are invested in governmental securities by the Finance Department of the State, and the proceeds that accrue then go directly to the institution for Land Grant functions.

The legislative history of P.L. 90–354, approved by 3 to 1 vote of the House, setting forth the contemplated cooperative participation which was to occur between the Washington Technical Institute and the Federal City College in the land-grant college programs appears in your Committee's Report No. 1465 90th Congress, 2nd Session, House of Representatives. Pertinent parts thereof follow.

(Excerpts from House Report 1465, 90th Cong., 2d Sess., pp. 12–14)

THE FEDERAL CITY COLLEGE AS THE LAND-GRANT COLLEGE

Similar legislation was introduced in the Senate to amend the District of Columbia Public Education Act and to designate the Washington Technical Institute as the institution in the District of Columbia to receive the benefits of the Land-Grant College Acts. However, it was established in the Senate hearings that the Federal City College, offering a 4-year program, was presently developing a curriculum of courses to be offered in September, 1968; that with its graduate programs and extension, the Federal City College would provide the broad base required to carry out the intention of the Morrill Act and would be able to enter into necessary agreements with the Department of Agriculture; and that to designate the Washington Technical Institute, having less than a 4-year program, would run contrary to the long-established public policy of designating 4-year institutions in the various States as land-grant recipients. Therefore, upon the recom-

mendations of the Departments of Health, Education, and Welfare and Agriculture, and of the Bureau of the Budget, the legislation was changed to designate the Federal City College as the land-grant college for the District of Columbia.

Your Committee concurs in this recommendation and the reported bill so provides. However, your Committee was duly concerned that the Washington Technical Institute participate in the land-grant programs to the extent possible. Since the Institute was established in the District of Columbia Public Education Act, which originated in your Committee (Public Law 89–791, approved November 7, 1966, 80 Stat. 1426), as a vocational and technical school to equip students for useful employment in recognized occupations, it seemed to your Committee only appropriate that the Washington Technical Institute participate in the benefits of the land-grant programs in order best to effectuate its vocational, technical, and occupational programs.

It was developed in your Committee's hearings that in most States where only one institution is designated as the land-grant college of the State, customarily such designee, by agreement or practice, shares the programs of the land-grant activities with other institutions in the State. To this end, therefore, conferences were held between the Members of the Committee and the administrative officials of the Federal City College and the Washington Technical Institute to make certain that there would be cooperation and understanding between the two institutions as to sharing the land-grant programs.

Testimony before the Committee affered assurances that there was ample authority for cooperative arrangements among the institutions under land-grant procedures, and the following statement was made by the President of the Federal City College:

Our sister institution, the Washington Technical Institute would benefit also by having the Federal City College named the land grant college. The Federal City College would enter into a Memorandum of Participation with the Washington Technical Institute, under which the Washington Technical Institute would assume certain academic instruction and extension services in vocational and technical education. This would assure minimum duplication of instruction at the two public institutions. The Washington Technical Institute would be involved heavily in instruction in engineering and the mechanical arts. Other institutions could also be asked to participate in programs in which they have special strengths to contribute.

Subsequently, the Presidents of the Washington Technical Institute and the Federal City College entered into a statement of cooperative participation which is appended hereto and made a part of this report.

STATEMENT OF COOPERATIVE PARTICIPATION BETWEEN THE WASHINGTON TECHNICAL INSTITUTE AND THE FEDERAL CITY COLLEGE IN LAND GRANT COLLEGE PROGRAMS

The Federal City College shall annually, after receiving appropriated land grant college funds, and income from the Morrill Act, based on a plan agreed to by the two Boards, share with the Washington Technical Institute in providing for young people and adults of the District of Columbia educational opportunities in certain disciplines associated with extension service careers, community service careers, mechanical arts, community development services and environmental sciences.

A. In order to effect the sharing referred to above, the following principles are established:

1. Since the Washington Technical Institute is the principal partner of the Federal City College in land grant activities, the Boards of Higher Education and Vocational Education shall cooperate to assure that there shall be a maximum participation of Washington Technical Institute in all these programs to the extent either that its resources and capabilities permit or that its resources and capabilities should be developed to permit.

2. The Federal City College will cooperate with the Washington Technical Institute in Cooperative Extension Service programs of the United States Department of Agriculture as agreed to and funded by the United States Department of Agriculture to the Federal City College.

B. The Boards and Administrations agree that:

1. Planning for periods of 3–4 years is essential.

2. Annually, plans will be cooperatively developed by the Administrations.

3. Annually, and before the plans are submitted to the United States Department of Agriculture and to the Department of Health, Education, and Welfare, the Boards will review the plans.

4. Annually, and before the plans are submitted to the United States Department of Agriculture and the Department of Health, Education, and Welfare and after review by the Boards, the Boards will approve the plans as follows:

(a) The Board of Vocational Education, that portion of the plan to be conducted by the Washington Technical Institute.

(b) The Board of Higher Education, the entire plan.

5. This process will be repeated annually.

6. The Board of Higher Education would yearly, after receiving appropriated land grant college funds and income from the Morrill Act endowment, transfer funds to the Washington Technical Institute to carry out the plan as approved by the Boards.

CLEVELAND L. DENNARD,
President,
The Washington Technical Institute,
29 MARCH 1968

FRANK FARNER,
President,
The Federal City College.

As an illustration of the failure of the cooperative paticipation contemplated by the House in P.L. 90–354, the routing of Fiscal Year 1970 HEW funds to the Federal City College, consistent with the enabling legislation, was accompanied by a letter from the Assistant Commissioner of the Office of Education, HEW, raising statutory questions about the legality of the Federal City College sharing land-grant funds with the Washington Technical Institute, inasmuch as only the Federal City College is named in the legislation and cautioning the Federal City College that any sharing of funds would be considered illegal. Notwithstanding the fact, as noted above, that a statement of cooperative participation appeared in the House Report accompanying the enabling legislation, the legal opinion found sharing to be illegal and suggested corrective legislation be enacted if sharing were to be effected. Any suggestion that the enforcement of any such agreement, as entered into between the two schools, by civil action should be taken would appear to be ill-advised. Accordingly, this legislative oversight, as intended by P.L. 90–354, is corrected by this legislation.

SECTION 402—EXEMPTION OF NON-PROFIT HIGHER EDUCATION INSTITUTIONS FROM D.C. USURY LAWS

The purpose of this section is to enable the non-profit higher education institutions of the District of Columbia to participate in the Federal program of construction for higher education institutions. Several of these private institutions have a reservation of funds from the Office of Education under this program and because of the 8 percent interest ceiling in the District are unable to make a loan agreement with a bank for facilities which are immediately needed. This provision would enable such institutions to participate in the Office of Education facilities construction program.

This section permits non-profit higher education institutions in the District of Columbia to borrow money at such rates as the institutions may determine and be able to secure without regard to any usury law. In addition, it is provided that such institutions may not plead any statute against usury in any action.

This language is identical to an amendment which was added to the D.C. Business Corporation Act in 1963 (77 Stat. 136; D.C. Code, sec. 29–904(h)), and simply provides added protection to lending institutions which make loans to organizations which are exempted from the application of the usury laws.

This legislation was requested by the District of Columbia Commission on Academic Facilities, and would benefit the following institutions which are members of that Commission:

American University
Catholic University of America
Dumbarton College
Georgetown University
Immaculata College
Mount Vernon Junior College
Southeastern University
Trinity College

Your Committee approved and reported, and the Congress enacted in this session similar legislation for the benefit of George Washing-

ton University (Private Law 91–185, approved Oct. 22, 1970), and urges the same favorable consideration of Section 402 of the pending bill, for the benefit of the other non-profit higher education institutions in the District of Columbia.

Need for Legislation

Under existing law, whereas profit-making corporations do not come under the purview of the District of Columbia usury laws, non-profit corporations in the District are so restricted. Thus, the universities and colleges named above, non-profit corporations located in the District of Columbia, are not permitted to pay interest on loans at rates in excess of the 8 percent maximum which, except for certain statutory exemptions, is the legal rate for borrowing in the District of Columbia at the present time. It is a well-known fact, however, that for a substantial period of time the prime rate of interest for borrowing has been in excess of this figure. As a result, these institutions now find themselves seriously inhibited in their ability to borrow money both on an open line of credit and upon security of land and improvements.

Even where the Federal Government has made grants to such a University, before it can actually obtain these grants, however, it must first have expended that amount of money on its projects. That is, under the interest subsidy program the institution must secure a private loan, and the Federal Government contributes toward the debt service thereon through an annual grant.

Hence, in order to qualify the University first must obtain a short-term construction loan, the interest rate on which currently runs anywhere from 10.5 to 12 percent, if indeed the University is fortunate enough to find a lender. Or, if a college or University wishes to negotiate with a major insurance company for a mortgage loan which together with a Federal grant and loan already assured will enable them to build a badly-needed new building, such a loan simply cannot be obtained at the present legal rate of interest in the District of Columbia. It is likely that this loan can be obtained only at an interest rate of approximately 10.5 percent.

Excepted from the provisions of Section 402 are the public-supported institutions of higher learning in the District of Columbia, namely, the D.C. Teachers' College, Federal City College, Gallaudet College, and Howard University. These institutions are fully supported by funds appropriated by the Congress, derived from taxes or government borrowings, and hence they are not in need of floating bonds for their relief as would be for the non-profit corporations of higher learning covered by the bill.

HIGHER EDUCATION

Your Committee is not unmindful of the testimony presented at the hearings in support of the continued expansion of the institutions of public higher education in the District of Columbia, but in the light of that testimony, and revelations before and since the hearings, your Committee, to state it mildly, is greatly disappointed in the organizational, administrative, and operational difficulties in particular at the Federal City College.

It was with a real sense of accomplishment that your Committee, and especially many individual members thereof, advocated, drafted and supported the legislation (P.L. 89–791, approved November 7, 1966), which created in the District of Columbia the two new higher education institutions and named them, viz, the 4-year Federal City College, and the 2-year Washington Technical Institution. Great deference was accorded all those in the educational field and in the community who appeared and presented valuable testimony which helpfully guided your Committee in its labours.

And now, only 4 years later, your Committee finds the 4-year Federal City College greatly disoriented, vastly disorganized, inadequately planned, and too often in disrepute in even an ordinarily favorable press.

Cost Estimates

Based upon the latest (Oct. 12, 1966) cost estimates available from representatives of the D.C. government and other witnesses your Committee in the Enabling Act (P.L. 89–791) provided a $10 million authorization and $40 million in borrowing authority. Annual operating costs of $6.5 million were estimated for an enrollment of 6500 students for the 2 colleges.

A recapitulation of the total capital costs of the 2 institutions, as then presented to your Committee, is as follows:

Federal City College	$17,800,000
Washington Technical Institution	16,000,000
Construction contingencies	2,200,000
Estimate of site acquisition (if purchase is required)	5,000,000
Total	40,000,000

In just 2 years of operation, however, the expenditures of operating these 2 institutions have already more than doubled the estimates, and in operating cost per student far out distanced the national average as well as that of comparable public or community colleges in the Washington Metropolitan Area.

Some significant figures gleaned from reports filed with the Committee and from testimony at the hearings follow:

COMPARATIVE FIGURES

Year	Federal City College	Washington Technical Institute	Washington Teachers College
1969–70: Appropriations:			
Operating	$10,874,000	$4,710,000	$2,497,900
Capital	6,861,700	2,250,700	
1970–71:			
Operating—requested	16,695,000	4,875,000	2,673,000
Operating—appropriated	11,600,000	4,875,000	2,673,000
Pupil Costs:			
1969–70	2,651	3,109	1,006
1970–71	3,277	2,967	1,069

HIGHER EDUCATION—OPERATING BUDGET—1971 FISCAL APPROPRIATIONS

D.C. Teachers College—approximate enrollment		2,500
Amount appropriated	$2,674,000=$2,674,000	
Per student funding	2,500	$1,069
Federal City College—expected enrollment		3,542
Amount appropriated	$11,600,000=$11,600,000	
Per student funding	3,542	$3,277

The operating cost per student in Federal City College is nearly three times (at $3,277) the cost per student in the D.C. Teachers College (at $1,069). Why?

Significantly, as shown above, the Washington Teachers College, shows a more mature organization and administration. Regretfully the newer institutions and those responsible therefor seem to have ignored, or failed to draw upon, the years of experience and achievement of the very respectable Teachers College.

NEED FOR INVESTIGATION

Faced with incontrovertible evidence of the financial chaos, the records deficiencies, the unsupported budgetary requests, and major discrepancies in reports to your Committee from various sources in the District government and at the Federal City College, even preliminary inquiries produced such unsatisfying and varying responses as to costs, budgets, students enrolled, and the like, that in the judgment of your Committee there is real need for an immediate full-scale review of the College.

Interestingly the District government independently has reached the same conclusion and inaugurated its own "comprehensive study" of public higher education in the District. The District's explanation thereof is set forth in the following memorandum and letter to your Chairman with regard thereto:

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Memorandum

COMPREHENSIVE STUDY OF PUBLIC HIGHER EDUCATION IN THE DISTRICT OF COLUMBIA

With the passage of PL 89–791 in November, 1966, Congress established two new institutions of public higher education in the District of Columbia, Federal City College and Washington Technical Institute. Prior to that date, the only public institution of higher education in the city was the District of Columbia Teachers College. The two new institutions are now in their third year of operation. Washington Technical Institute (WTI) has graduated its first class; Federal City College (FCC) will graduate its first class in 1972. Quite aside from the problems normally associated with newly established institutions, our experiences have revealed serious organizational, administrative and operational difficulties. These difficulties are generalized and have been experienced by members of District government, of the institutions themselves, of the

larger higher education community, and by the residents of the city. Many of the problems derive from the language of the enabling legislation and inadequate advantage planning on a coordinated basis; many of the problems can be attributed to the general lack of experience in this arena of all concerned in the endeavor. Such statements of the problem are not to be construed as a disappointment with the progress of the institutions, nor as a disenchantment with the experiences thus far. They are, rather, a very natural outgrowth of intensive efforts to satisfy a long-standing demand for public higher education in Washington, within the constraints of the political, social and economic realities of the District.

The District of Columbia government is undertaking a comprehensive study of the entire question in a cooperative venture with the Board of Higher Education, the Board of Vocational Education, and the Board of Education, Colleges and universities in the private sector are also cooperating in the study. It is expected that the Comprehensive study will be substantially completed by the end of fiscal year 1971.

The study will examine every phase of the public higher education system. It will measure the demand for public higher education, and will establish enrollment projections from the present to 1985. It will develop a comprehensive programmatic plan (degree offerings) for meeting the needs of projected enrollment, and an optimum sequence in which programs should be offered. It will relate the best means of achieving flexibility of governance and efficiency of administration. It will explore financial requirements and ways and means of satisfying those requirements.

The study will present collated and analyzed data that will permit policymakers to select the most rational matrix of decisions to further the principles of public higher education. Maximum use will be made of existing data. Whenever implementation is advocated, the necessary back-up materials will be included. The study will be made available to the Congress upon its completion.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., September 29, 1970,

Hon. JOHN L. MCMILLAN,
Committee on the District of Columbia,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During our recent discussions, you expressed interest in Federal City College and its relative responsibility for higher education in the District of Columbia.

Some time ago, as a result of meeting to discuss budget and other common problems, the governing college boards, college presidents and District officials agreed on the need for a cooperative, comprehensive study of higher education in the District. This study will provide enrollment data for Federal City College, Washington Technical Institute and D.C. Teachers College, will analyze the course offerings of

the three institutions and provide plans so that they will supplement and complement each other, and will propose funding priorities to implement these programs in a logical sequence. It will also consider the relation of the public institutions with the private institutions in the District; it will look at the current "open door" admissions policy, and discuss alternative governing mechanisms.

When the study is completed and we have the results, we will be in a much better position to guide the growth and development of the public institutions in a meaningful way. The study is to be conducted by private consultants working with city and college staff, and we hope to be under contract by November. I will be happy to provide the findings of this study to you when it is completed.

As you suggested, I am sending a copy of this letter to the other members of the Committee so that they may know of the scope and timing of this study.

Again may I express my appreciation for your continued interest in District affairs.

Sincerely yours,

GRAHAM W. WATT,
Assistant to the Commissioner.

No greater indictment of the maladministration of the Federal City College in particular is offered than the foregoing action of the District of Columbia Government, now committed to the need for and effectuation of an intensive investigation and study of the problems and difficulties which abound at the College. (No evidence has been presented to your Comittee suggesting that the need for such a study involves other than the Federal City College).

Even conceding obvious growing pains which any such new institution might experience, it behooves the District government, and the Board of Higher Education, to delve deep into the problems at the College and produce meaningful solutions, or else this College will fall apart at its seams even before its first class is graduated.

BOARD'S RESPONSIBILITY

Aside from the obvious derelictions and inefficient operations of the present administration at the Federal City College, certainly much of the onus should fairly be placed upon the Board of Higher Education, as well as the Board of Vocational Education, which were created in PL 89–791 and given authority and responsibitily over the Federal City College and the Washington Technical Institute, respectively.

At the very outset, for example, the Board among its other powers and duties was charged with fixing the tuition to be charged students attending the College. Appropriate and succinct guidelines were provided the Board in your Committee's report in this delegation to the Board (H. Rept. 89–2294 of Oct. 12, 1966), as follows:

(Excepts form H. Rept. 89–2249, 89th Cong., 2d Sess., on "District of Columbia Public Education Act")

Powers of the Board:

* * * * *

4. Residence requirements. Title I specifies also the formula for determining, for the purpose of payment of tuition, whether or not a person registering to attend the Federal City College is a legal resident of the District of Columbia. This requirement is that the person shall be *domiciled in the District* at the time of his registration and shall have been so domiciled *for at least 3 months immediately prior thereto*; or in the case of a minor, that his parents or court-appointed guardian or custodian shall fulfill this same requirement of domicile.

* * * * *

6. To *fix tuition* for students attending the college, with the tuition charged *to nonresidents* being fixed as far as is feasible *in amounts which will approximate the cost to the District of the services for which the charge is imposed.*

Your committee is advised by spokesmen for the U.S. Office of Education that the experience in public colleges throughout the country indicates that the operating expenses of the Federal City College and the Washington Technical Institute may be expected to amount between $900 and $1,000 per year per student. Based upon the estimated total enrollment of 6,500 students for the two institutions together, the larger of these figures would indicate a total annual operating cost of some $6.5 million. However, the collection of tuition charges and fees will partially reduce this cost to the District of Columbia.

Your committee feels strongly that the *tuitions charged for residents* of the District of Columbia *should be related to tuitions being charged by other existing comparable community colleges in the Washington metropolitan area.* This comparison should not be based upon tuition charges and fees of State and private colleges and universities in the area.

* * * * *

7. Under the proposed bill, District of Columbia *residents of 3 months or more will pay only a tuition, comparable to that charged to residents in existing schools of like character in the Washington metropolitan area;* in addition, of course, they will pay the normal student fees required in any State-supported institution of higher learning. (Emphasis supplied)

As to "residence" requirements, your Committee was advised that (1) no investigation is made of the fact of District residence or otherwise of a student applicant, and that (2) if, as generally prevails, an applicant lists a Washington address, that suffices at the colleges to establish his entitlement to the much lower tuition charges to resident students.

Of much greater impact are the completely unrealistic charges as fixed by the Board of Higher Education, completely at variance with the guidelines, with those charged in other comparable community colleges in the area, and for less than the average charges throughout the country, as shown by the following charts summarizing same:

TUITION CHARGES IN FEDERAL CITY COLLEGE AND IN OTHER COMPARABLE COLLEGES IN WASHINGTON AREA

College and residence status	Cost per school year	Full-time tuition	Part-time tuition
Federal City College:			
City resident	$97.50	$32.50[1] per quarter	$17.50–$27.50 per quarter.
Out of city	742.50	$247.50[2] per quarter	$107.50–$207.50 per quarter.
Northern Virginia Community College:			
State resident	180.00	$60 per quarter	$5 per quarter-hour.
Out of State	600.00	$200 per quarter	$17 per quarter-hour.
Prince George's Community College:			
County resident	300.00	$150 per semester	$13 per semester-hour.
State resident, but not Prince George's	660.00	$330 per semester	$26 per semester-hour.
Out of stage	1,200.00	$600 per semester	$52 per semester-hour.
Montgomery College:			
County resident	350.00	$175 per semester	$15 per semester-hour.
State resident, but not Montgomery County	770.00	$385 per semester	$32 per semester-hour.
Out of State	1,000.00	$500 per semester	$42 per semester-hour.

[1] $25 for tuition; $7.50 student activity fee.
[2] $240 for tuition; $7.50 student activity fee.

AVERAGE CHARGES PER FULL-TIME UNDERGRADUATE RESIDENT DEGREE-CREDIT STUDENTS IN HIGHER EDUCATION, 1968–70

Year	Tuition and required fees			
	University	4-year	2-year	Average
1968–69:				
Public	$420	$306	$140	$314
Nonpublic	1,705	1,356	1,024	1,443
1969–70:[1]				
Public	447	329	148	332
Nonpublic	1,822	1,447	1,111	1,542
1970–71:[1]				
Public	476	353	158	349
Nonpublic	1,943	1,540	1,200	1,644

[1] Figures are estimated for these years.
Source: H.E.W. Office of Education Publications.

SUMMARY OF BASIC UNDERGRADUATE STUDENT MEDIAN CHARGES FOR TUITION AND REQUIRED FEES IN PUBLICLY CONTROLLED INSTITUTIONS, 1968–69

Level of institutions	In-District	Out-of-State
All institutions	229	578
Universities	371	933
Other 4-year colleges	303	692
2-year colleges	180	

Source: HEW Office of Education, National Center for Educational Statistics, Higher Education, "Basic Student Charges 1968–69."

So while your Committee has not questioned and does not challenge the "right to continue" the Federal City College, no more than does a parent care to disavow his own child, nevertheless in all frankness your Committee must admonish those responsible for or involved in the College's present plight, to clean house and get on with the business for which the College was created, or fail those in the Con-

gress and in the community who placed such high hopes in its creation.

From the testimony and supporting figures presented at the hearings, your Committee has drawn the following conclusions relating to the operation of the Federal City College: 1) the school has become bureaucratically top-heavy, as the ratio of administrators to faculty greatly exceeds that of the national figure; and 2) the per student expenditure is also much higher than the national average, with inadequate causes cited for the magnitude.

In the light of the foregoing, your Committee has earmarked no special funds for the College, or for either institution—and it is not the practice of the Committee to assume such prerogative—but leaves to the Appropriation Committees the determination, based on all the evidence, representations, and justifications before them, of the extent to which the College shall continue to be funded.

It would seem advisable, however, that further funding for this fiscal year be carefully scrutinized pending the District's study and report thereof, due by July 1, 1971.

TITLE V—TRANSFER OF LORTON

Provisions

This title provides that the correctional facilities operated by the D.C. Department of Corrections in Virginia, known as the Lorton Complex, together with all the functions, powers, duties, and records with respect thereto, and the care and custody of the persons committed thereto, are transferred to the Attorney General of the United States.

Incident to this transfer, the positions and personnel of the D.C. Department of Corrections, other than medical, who are employed in connection with these transferred functions, powers, and duties are transferred to the Attorney General, with no loss of employment privileges and rights which they have at the time of the transfer. The medical positions and personnel affected by this transfer are transferred to the Secretary of Health, Education, and Welfare, also with no loss of employment rights and privileges.

Also, the property, unexpended balances of appropriations, and other funds of the D.C. Department of Corrections which are used or avaliable in connection with the functions transferred by this section are transferred to the Attorney General, or to the Secretary of HEW, as may be appropriate.

It is further provided that no contract for services or supplies granted by the D.C. Department of Corrections with respect to the Lorton Reservation shall be invalidated by the enactment of this section; also, all rules and regulations promulgated by the D.C. Department of Corrections with respect to Lorton shall continue in force until amended or repealed by the Attorney General.

Provision is made also that persons who are inmates of the Lorton Reservation on the day prior to the effective date of this proposed legislation shall be subject to the same provisions and regulations governing good time allowances to which he was subject prior to the transfer. Also, such an inmate having work release privileges pursuant to D.C. law, shall remain subject to these same provisions until his release from custody.

It is provided also that such portion of the D.C. Correctional Industries Fund as is reasonably attributable to the occupational programs of the Lorton Reservation shall be transferred to the Federal Prison Industries Fund. Further, funds previously paid into the work release trust fund by persons who are inmates and have been granted work release privileges prior to the effective date, shall be transferred to the Attorney General; and collections made after the effective date to inmates having work release privileges on that date, shall be made by the Attorney General and disbursed. in accordance with the plan developed under section 7 of the D.C. Work Release Act. All other funds belonging to or held for the benefit of employees of the Lorton Reservation or inmates therein shall be transferred to the custody of the Attorney General.

Provision is made also to preserve the present provisions of D.C. law with respect to the discharge and release of prisoners from the Lorton Reservation, to parole of inmates, and to the sale of products of the workhouse and the reformatory.

It is further provided that the cost of the care and custody of persons convicted of laws applicable exclusively to the District of Columbia and committed to Federal penal or correctional institutions shall be charged to the District of Columbia by the U.S. Attorney General. The amount to be charged each quarter shall be determined by multiplying the average daily number of such persons in the institution during that quarter by the per capita cost for all prisoners in that same institution for that quarter, excluding expenses of construction or extraordinary repair of buildings.

It is provided also that prosecutions for violations of D.C. laws which relate to violations in or affecting D.C. penal institutions, including Lorton Reservation, committed prior to the effective date of this section, shall not be affected by this proposed legislation nor abated by reason thereof. The penalties for such violations shall apply to persons convicted of such a violation occurring before the effective date.

The functions, powers, and duties of the D.C. Board of Parole are transferred to the U.S. Board of Parole. This transfer includes all property, records, and unexpended balances of appropriations of the D.C. Board of Parole. This transfer includes also the positions and personnel of the D.C. Board of Parole, who shall be considered as continuous employees of the U.S. Board of Parole without break in service. These transferred employees may be assigned to such duties as the Attorney General may deem appropriate, but without dimunition of compensation or employment rights previously acquired. Persons employed by the D.C. Department of Corrections in connection with counseling or supervision of persons paroled or mandatorily released from the Lorton Reservation or the Women's Detention Center of the District of Columbia, are also to be transferred to the U.S. Board of Parole under the same conditions. However, persons employed by the D.C. Department of Corrections in connection with halfway houses or similar community-based facilities are not to be affected by this proposed legislation.

It is provided also that this title shall not affect the validity of any warant issued by the D.C. Board of Parole prior to its effective date.

Further, the title provides that an officer of a facility of the D.C.

Department of Corrections or any officer of the Metropolitan Police Department to whom a warrant of the U.S. Board of Parole for the retaking of a parole violator is delivered, shall take such prisoner and return him to the custody of the Attorney General.

Finally, it is provided that the Director of the U.S. Bureau of Prisons may contract with the District of Columbia for the treatment or supervision of youth offenders committed to the care of the Attorney General by D.C. courts. With respect to such youth offenders convicted in D.C. of violations of U.S. laws not applicable exclusively to the District of Columbia, the cost shall be paid from the appropriation for support of U.S. prisoners.

The provisions of this title are to become effective on the first day of the sixth month following the date of its enactment.

Need for Legislation

employees' complaints

For the past year or more, certain members of Congress have received numerous complaints from employees at the Lorton Complex indicating that conditions in these institutions have deteriorated seriously as a result of inept administration, and that employee morale is at an all-time low as a result.

Specifically, these correctional officers have protested that administrative permissiveness has resulted in the prisoners, rather than the officers, controlling the institutions. It is said that the prisoners violate the regulations of the institutions with impunity and wander at will within the walls, and that the supervisory personnel are more inclined to accept statements made by an inmate than to credit conflicting testimony by an officer. These officers maintain that the prisoners take no interest in the job training programs which are offered them, and refuse to do such simple chores as keeping the dormitories clean. Of course, this inactivity on the part of the prisoners increases the disciplinary problems. They state also that there is a lack of experienced leadership at the top level, and that new personnel are being employed with no background of experience in this field.

The correctional officers express concern also that outside pressure groups such as the Civil Liberties Union, C.O.R.E., and the Human Relations Council are contacted by the inmates, and that certain top city officials cater to these groups, with resulting harassment of the officers by their superiors.

There seems to be general agreement among these employees that the institutions are top-heavy with supervisors but lacking in trained, capable correctional personnel. Their chief concern, however, is with management. Correctional officers and others have cited as examples of loose and incompetent administration, various types of misbehavior on the occasion of visitors' day at Lorton involving whiskey, dope, and sex; specific instances of officers being beaten, stabbed, and even dying as a result of wounds inflicted by inmates; frequent discovery of knives on the premises, mostly fashioned from eating utensils; the presence of guns and narcotics among the prisoners; and the making of a fermented beverage by the inmates in the dormitories from vegetables, fruits, and sugar. The consensus is that while these conditions may exist to some degree in all penal institutions, the administration

at the Lorton Complex makes only desultory and ineffective efforts to control or eliminate such problems. Further, they agree that there has been no improvement in management within the past year.

SUBCOMMITTEE INVESTIGATION

In view of both the nature and the volume of these complaints, a Special Select Subcommittee of the House Committee of the District of Columbia felt compelled last year to investigate in depth the entire operation of the District of Columbia Department of Corrections. This Subcommittee devoted more than four months of study and investigation to this project, including eleven hearing sessions at which all witnesses were sworn, and careful scrutiny of countless documents, papers, reports, and surveys. The overwhelming weight of evidence resulting from this investigation substantiated the complaints raised against the administration of these institutions by the employees and other persons referred to above in the Subcommittee's report (H. Rept. 91–850). Specifically, the findings of the Special Select Subcommittee, all supported by voluminous evidence, included the following.

1. The proper chain of command from the Director of the Department to the lowest level of paid personnel is ineffective, because the Director on occasions gives direct orders to personnel on all levels and prisoners themselves, without regard to intervening levels of responsibility.

2. The Director and his staff are not properly aware of developments occurring within their areas of responsibility.

3. Assaults on correctional officers by inmates have been too frequent, and in many cases might have been prevented by proper discipline of prisoners.

4. At times, when correctional officers have attempted strict enforcement of regulations, they have been transferred to other duties.

5. Escapes from the institutions have been all too frequent, and some have apparently resulted from a lack of proper security measures.

6. The use of narcotics is widespread, with little apparent effort on the part of the administration to control it.

7. The inmates at the Lorton Correctional Complex manufacture "moonshine alcohol" in copious quantities. Recently, one officer who succeeded in locating and destroying such alcoholic beverages was transferred to other duties and told that "he was making waves and the prisoners did not like it."

8. Some prisoners selected to operate canteens within the institutions have been found to have shortages through misappropriation of funds or of inventory. One such inmate was recently found short in an amount exceeding $1,200. He was released on parole the following day, however, and only limited efforts were undertaken to secure repayment.

9. The practice of homosexuality is widespread, and no effort is made to segregate these deviates from other prisoners.

10. No control or inventory is maintained of eating utensils used in the institutions. As a result, many such utensils have been made into deadly weapons by the prisoners and have been used against fellow inmates and correctional officers.

11. The prisoners refuse to do even menial tasks, and threaten to riot if an effort is made to force them to do so.

12. The institutions are dirty and ill kept, a situation which would easily be corrected by the prisoners themselves under proper discipline.

13. With respect to hiring practices, there are no minimum educational requirements, a minimum hiring age of 18 years, and no character or security investigation of applicants.

14. Promotions appear to be made on the basis of personal feelings on the part of the personnel officer and the candidates' immediate supervisors, rather than through a true merit system. The escalation and deescalation of the candidates' grade eligibilities on the Civil Service registers appear to be manipulated at will.

15. The rifling, removal, and destruction of personal and other official files appears to have been done at will, by both authorized and unauthorized personnel.

16. Outdated and outmoded bookkeeping methods are maintained over various funds, with only "self-audits".

17. There appear to be no specific criteria for placing prisoners into "work release" programs, and the incidence of escapes on the part of such prisoners is quite high.

18. The morale of the paid personnel, and especially of the correctional officers, is at an all-time low.

19. Complete inspections of the institutions are conducted very infrequently, although they are supposed to be done twice a month. This laxity permits the presence of contraband of all types in the institutions.

20. The training of personnel in general, and of correctional officers in particular, is either extremely limited or nonexistent.

21. Physical contact is allowed between visitors and prisoners, at which times contraband has been apprehended being passed between them.

22. First offender prisoners are commingled with hardened or recidivist criminals, there being no facilities available for any segregation.

23. The administrators of the institutions are inept, and lack proper training and experience.

One obvious problem in the Lorton Complex is that the inmates come largely from the poorer sections of the District of Columbia, bringing with them many of the militant ideas and tendencies they have learned in the inner city. A report prepared by a Temporary Committee appointed by the D.C. Commisioner to investigate activities at Lorton, under date of November 18, 1968, states in part that:

> Most of the inmates sent to the Lorton Complex come from the economically deprived sections of the city; they are vocal and militant; they are accustomed to stated grievances and they do not respect institutional authority.

Conclusion

In view of the above-cited preponderance of evidence obtained on this subject, your Committee is of the opinion that the most practical and effective means of restoring some semblance of order and disciplined operation to these institutions at Lorton is to transfer their jurisdiction and operation to the U.S. Bureau of Prisons, as Title V of H.R. 19885 provides. The inclusion of these institutions in the

Federal system would bring the benefits of the broad background of this system to the prisoners and the employees alike. Trained supervisory personnel would replace those whose presence has brought only permissiveness and chaos to these institutions. Also, inmates, from the center city could be dispersed into penal institutions throughout the country, so that the militants would no longer be concentrated in the one institutional complex.

It is the view of your Committee that no individual in any penal institution should be mistreated in any way. However, militancy on the part of the inmates and permissiveness on the part of the administrative personnel also have no place in an effective penal institution. Inmates cannot be prepared to re-enter society without first being taught that society cannot exist without the observation of rules which apply equally to all its members. This is the precept which we are convinced is not being observed in the operation of this Lorton Complex under the administration of the D.C. Department of Corrections, and for this reason we advocate the transfer of this responsibility to the U.S. Bureau of Prisons, for the benefit of all concerned.

TITLE VI—MISCELLANEOUS

SECTION 601—OLD GEORGETOWN MARKET REHABILITATION

In 1966, the Congress designated the Old Georgetown Market as a historic landmark in the District of Columbia and directed the District of Columbia Commissioners to restore and rehabilitate the structure for use as a public market. (Act of Sept. 21, 1966, 80 stat. 829, PL 89–600). This legislation authorized an appropriation of not in excess of $150,000 to carry out the purposes of the Act.

Estimates as to the cost of the rehabilitation, available to the House and Senate District Committees, at the time the legislation was under consideration ranged from substantially below to substantially above the figure of $150,000. In testimony before Appropriations Subcommittees for the District of Columbia, District Government officials have insisted that the sum authorized in the legislation was inadequate for the purpose. In consequence, the Appropriations Subcommittees have not provided funds for the rehabilitation of the old market structure.

No new estimates have been secured, but it is beyond question at this point that the increased cost of construction since the enactment of the legislation make it impossible to accomplish the reconstruction of the building within the existing authorization of funds. The bill amends existing law by striking the ceiling amount which may be appropriated, thus leaving the determination of the need of funds to the Appropriations Subcommittees for the District of Columbia.

SECTION 602—HOURS OF INTERSTATE MOTOR CARRIERS

The House Report 522 of the 89th Congress, accompanying H.R. 8126, a bill amending the Minimum Wage Act (Act of Oct. 15, 1966—P.L. 89–684; 80 Stat. 962) in the District of Columbia (your Committee's report), stated—

> The purpose of the bill is to amend the existing District of Columbia Minimum Wage Law for women and minors, . . . and extend its coverage to include men.

Your Committee finds that the interpretation made by the Commissioner of the District of Columbia of the amendments in that Act, of October 15, 1966 (P.L. 89–684) exceeds any intent of the Congress, and is not supported by the most common and elemental rules of legislative construction. Section 602 of this bill thus becomes a necessity as an amendment to present law.

In 1935, the Congress enacted the Motor Carrier Act to facilitate the growth of a healthy carrier industry in the United States, and to establish such necessary regulations and supervision of the industry as would provide for the maximum public convenience and for the safety of the employees of the industry and to the persons and property of the industry's patrons. In recognition of the national character of the problem, and the constitutional authority in matters relating to interstate commerce, the Congress set up certain provisions subjecting interstate carriers to the rules and regulations as to hours of employment and safety which would apply uniformly to all carriers engaged in interstate commerce.

In its legislative actions in 1966 on the proposed amendments to the District of Columbia Minimum Wage Act, the Congress heard no testimony, received no proposals, made no mention or suggestion, that the Federal statutes relating to hours of employment for interstate motor carrier employees as then provided in the Motor Carrier Act, should be amended or even considered for amendment.

In 1938, when the Congress enacted the Fair Labor Standards Act (29 USC 201–209), it was again confronted with the problem establishing hours of employment of persons crossing state boundaries in interstate commerce. Such employees differed from others whose product flowed into interstate commerce although the individual did not depart from the boundaries of the state of employment. The Congress, recognizing the need for uniformity of regulations applying to such interstate employees, provided that employees subject to Interstate Commerce Commission regulations as to qualifications and maximum hours of service be exempt from the hour provisions of the Fair Labor Standards Act. The Congress, in its legislative action on the amendments to the District of Columbia Minimum Wage Act of 1966, heard no testimony, received no proposals, and made no suggestions in its recommendations, to repeal any part of the Fair Labor Standards Act or otherwise alter the provisions in that Act exempting certain employees of interstate motor carriers from the provisions of the Fair Labor Standards Act. As finally enacted, the amendments to the Minimum Wage Act of the District of Columbia stood as a local legislative enactment to be enforced in conjunction with the provisions of national legislation previously enacted by the Congress.

Legislative Interpretation

Following the enactment of law, administrative officials must determine what new authority and directives are added to any existing law. This requires bringing together all existing law related to the

subject of the new Act. If the full text of all existing statutes may be given meaning and implementation, the duty of the administrator is to place such law into effect. Only in the event of contradiction or ambiguity is there any need for examining the legislative history and the intent of the Congress. While contradictions and ambiguities may require legal inferences and suppositions in exploration of legislative history to determine intent, never is there any legitimacy for an inference or an assumption to set up a contradiction or an ambiguity as a basis for examining legislative history to reach an interpretation.

In interpreting the provisions of the Minimum Wage Act amendments of 1966, District officials invented an ambiguity or a contradiction by inferring that the Congress must have meant to do something in relation to certain employees of interstate motor carriers because there was nothing in the bill and nothing in the Committee Reports relating to such employees. Having made the first inference, the administrative agency and its counsel were compelled to pile inference upon inference to make regulations which have been a basis for harassing employers operating motor carriers in interstate commerce, and encouraging litigation against employers who continue to operate their businesses in compliance with national and local wage and hour laws as they have done for the preceding thirty years.

Congress Consistent in Legislative Action

A review of the legislation introduced in previous Congresses with respect to the exemption for certain employees of interstate motor carriers as provided in the Fair Labor Standards Act, indicates that the Congress has been consistent in rejecting all suggestions for the repeal of that exemption.

More specifically, related to the above observation and in connection with the District of Columbia Minimum Wage Act, it is worth noting the very conclusive statement of your then Subcommittee Chairman, the Honorable Abe Moulter, at the public hearings on the then pending legislation March 18, 1965. (Hearings—Committee on the District of Columbia, House of Representatives, 89th Congress—Minimum Wage, page 43). The Committee Chairman stated as follows:

> *Congressman Multer:* Let's get it clarified on the record. The Fair Labor Standards Act is the Federal statute that applied throughout the country, generally speaking, to all interstate commerce workers, including those in the District of Columbia. Neither the Multer bill (H.R. 648) nor the Commissioners' bill (H.R. 6494) affects that in any way whatsoever, nor does it intend to. *What it is seeking to do now, either under the Multer bill or the Commissioners' bill, is set a minimum for the men who are not now covered by any minimum wage law in the District of Columbia.* (Emphasis supplied.)

This statement, and the complete concurrence in the statement by Commissioner Duncan of the District of Columbia Government, should have removed any question as to the modification of any provisions of the Fair Labor Standards Act, including the exemption of inter-

state motor carrier employees regulated by the Department of Transportation. This is particularly true since an examination of the record following all actions after that testimony either in the House or in the Senate nothing appears in the record or in the legislation relating to the repeal of the exemption in the Fair Labor Standards Act.

Opposition Argument

The District agency and those opposing the pending amendment, resort to glittering generalities in an effort to persuade by *nonsequitur* that the Congress repealed the exemption in the Fair Labor Standards Act relating to interstate motor carrier employees. The contention presented to your Committee was that of insisting that the inclusion of a char on page 2 of the House Committee Report No. 552 of the 89th Congress, accompanying the wage and hour legislation, showed the intent of the Committee to remove the exemption for employees of interstate motor carriers. The chart was furnished by the District of Columbia Government as an exhibit in connection with its presentation of testimony. The heading on the chart in the Committee report is essentially the same as that given to the chart by the District of Columbia Government. The chart lists about 20 broad categories of employment such as "retail trade", "laundry", and the like. Following each classification of employment is the number of employees in the particular trade with a heading indicating potential coverage by the pending bill.

The chart, as prepared, had nothing more than the most general applicability. In practically every category mentioned, numbers of persons would be completely exempt from the terms of the bill. No such notation is made. There is no reference to any exemptions in any of the categories where exemptions were provided under the terms of the legislation. There is no category specifically related to employees of interstate motor carriers. The only category remotely related to such employees was that entitled "Transportation, communication, and utilities."

Representatives of the agency seized upon this category as proving beyond doubt that interstate motor carrier employees were to come fully under the provisions of the bill. Even this inference is shattered by the fact that the only terms of the bill relating to any category of transportation employees, namely railroad employees, provided exemption from the terms of the bill.

Fair Labor Standards Act Exemption Has Limited Application

By the device of citing large numbers of employees generally and without reference to the limited and specific types of employees exempted under provisions of Federal law, the agency and opponents of this amendment endeavor to make it appear as being related to a numerically significant number of employees. The facts are clearly to the contrary. The Fair Labor Standards Act provides an exemption only for those employees with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service. This exemption in the Motor Carrier Act (49 USC 304(a)(1) relates to the establishment of "qualifications and maximum hours of service of employees, and safety of operation

and equipment." The Department of Transportation (successor in authority to the Interstate Commerce Commission) has found, and the courts have concurred, that the exemption may be applied only to those employees of the affected interstate carriers whose job duties center on activities in a class of work defined as that of a driver, driver's helper, loader or mechanic. (*Pyramid Freight Corporation* v. *Ispass*, 330 U.S. 695; *Levenson* v. *Spector Motor Company*, 330 U.S. 649; *Morris* v. *McComb*, 332 U.S. 422.)

When representatives of Minimum Wage Board presented testimony in opposition to the amendment, your Committee was asked to believe and accept the Board's basis of calculation which referred to the previously mentioned table of employees which indicated a total of 23,977 employees under the heading of "Transportation, Communication, and Utilities field." The agency representatives estimated that 12,400 of that group would be affected by the bill. When challenged as to the accuracy of its statements, the agency furnished a supplemental statement indicating that only 2937 employees out of the total of 23,977 were employed by "motor freight transportation and warehousing employers." Even this figure is not refined to determine the total number of persons actually performing the specific duties to which the exemption applies.

The restoration of the exemption as provided in the bill, does not in any sense exempt all trucking employees engaged in interstate activities. It merely restores the exemption for the limited categories provided in the existing Federal law and in no way enlarges such exemption. It might be noted that this exemption is a substantially less broad exemption than is provided under the Act for railway employees, the chief competitors of the trucking industry, which exemption relates to all railroad employees.

Industry Wages High

Contrary to the impression of the Wage Board representatives testifying on this amendment, employees involved in the industry are not in the lower pay bracket. The employees of interstate carriers of general commodities are covered by the terms of the National Master Freight Agreement and its supplemental wage agreements. The current minimum wage under these agreements is $4.43 per hour with a recently negotiated increase amounting to $1.85 per hour additional by 1973. Local carriers, not a party to the union agreement, are compelled by competition to pay wages reflecting the presence of the Teamsters Union. An average wage of such truck drivers is now in excess of $3.15 per hour.

It is interesting to note that the representatives of the Teamsters Union testified in opposition to the removal of the Interstate carrier exemption in May 1959 on the ground that "by changing the present hours in over-time practices, wages of our members would be cut." The witness was actually referring to take home pay, which commonly is affected where overtime rates applied beyond 40 hours, and in such instances industry practices are to avoid situations where overtime pay would be necessary.

Your Committee recommends the approval of the amendment to negate the agency actions retroactively and to make effective a full application of Federal statutes relating to a Interstate motor carrier

employees. This will restore the initial purpose and intent of the Congress which has been misinterpreted and misapplied without legal justification or valid economic purpose to the detriment of the economics of the transportation industry in the District of Columbia. The needs of business and industry in the District of Columbia for service of Interstate carriers requires flexibility and precludes a standardized work-week concept as would be imposed by the interpretation of the Minimum Wage Board. Further if the standardized work procedure is imposed it may substantially increase the costs to those being serviced and further promote the exodus of business from the District of Columbia as to both the carrier and the user of the service. In such event it means higher prices to the consumer without any real benefit to the community.

SECTION 603—DISTRICT OF COLUMBIA MINIMUM WAGE LEVELS

The provisions of section 603 of the pending bill are directed to meet situations which have developed significantly and adversely to the District of Columbia since the enactment of the Minimum Wage Amendments of 1966. Your Committee wants to make clear at the outset that nothing in the reported Section 603 amendment proposes to roll back any rate of pay under the Minimum Wage Act where such rate of pay has been made effective and employees have received the benefit of such rate.

The Section 603 provisions are designed to bring into reasonable legislative relationship the power delegated to the District of Columbia Government and the authority of the Congress as delegated under the Minimum Wage Act. Under existing law the Commissioner of the District of Columbia has the unrestrained power, in concert with his Minimum Wage Board or agency officials acting for him, to use the authority of the Congress to set minimum wage rates at such levels as they may determine. It is doubtful if in any other situation a comparable authority to use the legislative power of the Congress is reposed in any other single individual.

The Fair Labor Standards Act, relating to the nation at large, carries the precise prescription of rates and formula as established by the Congress. The administrator of that law has no discretion or power to raise wage levels above those set in statute. In contrast, the Commissioner of the District of Columbia or his delegee may set wage levels at such rates as they determine, without reference to the impact of such wage changes on the economy, on the business community, or the impact of such rates in creating unemployment in the District of Columbia.

Complaints to the Congress

During the present Congress, increasing numbers of Members of the House have advised your Committee of complaints received from constituents about minimum wages "set at levels in excess of the Fair Labor Standards rates by Act of Congress in the District of Columbia." Some complaints were directed to what appeared to be prejudicial treatment by the Congress in setting a higher minimum wage rate in the District of Columbia than was established by Congress

for the rest of the nation. Other complaints appeared to involve the objections of employers in the states, whose employees were dissatisfied and were indicating that higher minimum wage rates were approved by the Congress in the District, and their employees felt they were entitled to increase in their pay because of this fact. Your Committee had no intent and did not foresee such a result at the time the 1966 Minimum Wage Amendments were being considered. The effect is, however, that by the delegation given to the District of Columbia, the authority has been used to establish wage rates which the Congress acting directly, has not and undoubtedly would not otherwise have established.

As stated above in this report, the purpose of the amendments to the Minimum Wage Act of October 15, 1966 (PL 89–684; 80 Stat. 962) was to extend the coverage under the then existing District of Columbia Act so as to include men employees. And, as likewise quoted above, it may be noted that it was not the intent of such amendments to order or circumscribe the provisions of the Fair Labor Standards Act which applied to the District of Columbia as well as all State jurisdictions. However, those employees engaged in purely local activities and therefore not subject to coverage by the Fair Labor Standards Act were to have coverage along with other employees who were subject to the rates prescribed in the Fair Labor Standards Act or under the Minimum Wage laws of the District.

Need for Amendments

The first paragraph of section 603 of the bill (H.R. 19885) is designed to make it clear that no increase in minimum wage rates may be made by the Board unless a rate has been in effect for a period of 1 year. In the amendments in 1966, it was the intent of the Congress that wherever the Board set a new wage, that wage would remain in effect at least one year prior to any change. It was considered that the undefined term "wage order" used in the bill alluded solely to a matter of wages. When the intent of Congress was circumvented and question was raised to the agency, the Congress was advised that a "wage order" could be revised with or without an increase in wage rate. Further, that the one year provision was a limitation applying to a wage order and not to a wage rate. Thus the Board was free to make as many changes in wage rates in a given industry within the period of a year as it determined to make. As a result, employers in the District of Columbia were faced with wage increases oftener than once a year in some instances, and in one industry there were five wage increases within three years. The amendment in this bill would bring the stability intended by Congress, in the first instance, by prohibiting more than one wage increase within a year's time.

Under existing law, determinations as to the desirability of initiating a wage study as a prelude to a possible wage increase, is dependent upon the discretion of the Commissioner or his delegee. Once such decision is reached, an Ad Hoc Advisory Committee may be appointed, composed of three persons each representing employers, employee and the public. The Commissioner or his delegee, after appointment of such Ad Hoc Committee, may designate such numbers of persons from the agency as it desires and designate the Chairman. This system of designation of representatives on the Ad Hoc Committee can result

in a Committee which completely over-balances the combined interest of the public and the employer. The amendment proposed in the second paragraph of section 603 of the bill provides for an Ad Hoc Committee composed only of three members representing each, the public, the employees and the employers. This provides more nearly the balance in the Committee which was the intent of the Congress.

Minimum Wage Ceilings

Under the D.C. Minimum Wage Act, the Board asserts it may establish wages at any level desired without reference to any ceiling minimum. Thus, without reference to the wages in the Washington Metropolitan Region Marketing Area which includes the District of Columbia, the Board may establish wage levels at $2, $2.50, $3.00 or more without reference to surrounding economy. The Minimum Wage Board claims this authority without any limitation.

The Congress has never granted such a power elsewhere. This power has moved or is moving directly into an area of open abuse. Your Committee recognizes the need for stabilizing the standards and providing some guidelines which will give adequate latitude for establishment of justified wage levels in the District of Columbia.

The third paragraph of section 603 is designed to provide for such a ceiling on minimums and for the stability which is essentially necessary to the operation of an open economy in a market area. The wage rate provided as the maximum which may be established by the Minimum Wage Board for the District of Columbia is keyed to the Fair Labor Standards Act maximum wage rates. However, the provision of the section do not limit the District of Columbia maximum rate to that in the Federal Act. The amendment would permit the District of Columbia minimum and wage rates to be set at up to 10% in excess of the maximum rate permitted under the Fair Labor Standards Act. Thus the Wage Board would have authority to establish wage rates which would be (1) in excess of any minimums established in Virginia since Virginia has no minimum wage law, (2) in excess of those established under the terms of the minimum wage law in Maryland which has a maximum of $1.45 an hour, and (3) a wage level in excess of the Fair Labor Standards Act maximum of $1.60 an hour. There is substantial comparability between living standards and costs in the District of Columbia and elsewhere in the Washington Metropolitan Region but the minimum wage levels in the District can be set above that of any other level lawfully established within the jurisdictions involved in the region.

Paragraph 4 of Section 603 provides an amendment, the effect of which, is to bring the District of Columbia back into the Washington Metropolitan Region on an competitive economic basis. Prior to the 1966 amendments to the Minimum Wage Act, the Wage Board was required to take into consideration the economic conditions, living conditions, and wages in the adjacent jurisdictions in the Washington Metropolitan Region in determining the necessity for and in establishing any revised wage, rates for an industry in the District of Columbia. Their exclusion of reference to comparable wage levels for similar employment and the general market area places the employer in the District of Columbia at a distinct disadvantage competitively when

he may be compelled to pay minimum wages which are 25 to 40% above the wages required of his competitor. If the businessman or industry is compelled to close its doors, the District of Columbia loses the tax base of such business and employees lose their jobs. Neither of these can be afforded by the District of Columbia.

Under the present law, the Commissioner is empowered on his own motion to reconsider wage rates. The Commissioner may make such investigation as he deems necessary or he may convene an Ad Hoc Committee for the purpose of completing a study and preparing a recommendation. Section 603 (b) does not curtail the authority of the Commissioner to act on his own motion or to appoint an Ad Hoc Committee for the purpose of developing a proposed revised wage order. However, this subsection does prevent the preparation of proposed wage order if the wage rate is in excess of a minimum rate recommended by the Ad Hoc Committee, or if such proposed wage order is prepared without the recommendations of the Ad Hoc Advisory Committee and also exceeds by more than 10% the highest minimum rate in effect under the Fair Labor Standards Act on the date of the proposed revised wage order.

Subsection (c) of this section is a saving clause which preserves any established wage rates in the District of Columbia and prevents any rollback or loss of wages being paid at the time of the effective date of the order. In the case of a wage order which requires the payment at some future date of a wage rate in excess of the ceiling of 10% above the Fair Labor Standards Act, the Board shall revise the wage rate in such order to conform with the ceiling allowed.

Wages Up—Jobs Down

Your Committee held extensive hearings on various bills proposing amendments to the District of Columbia Minimum Wage Act. The sum of the information, testimony, and evidence presented to your Committee presented a bleak outlook for the business community in the District of Columbia. If the increase in minimum wages were to result in a healthy local economy, the District of Columbia figures on income, sales, and employment should be at unprecedented heights.

The facts are seriously to the contrary. High minimum wages contribute nothing if there are no jobs for employees. If high wages destroy the employer's competitive position in the economic community, he cannot furnish jobs. When the employer cannot find a market for his goods or services because of his high cost of operation, he will either close down the business or move outside of the District where his operations are not throttled by artificially established non-competitive wage rates. When the employer closes his business or moves outside of the District, the District loses its tax base, and its cost of local government, because of fewer jobs, increases the demands for tax expenditures. This is a process of economic and social strangulation if permitted to continue.

More specifically, the facts concerning a single area of employment might be examined. A study of the retail sales and employment in the District of Columbia indicates interesting parallels between the wage actions taken by the Minimum Wage Board and the economic effects adverse to a healthy economy. The minimum wage amendments be-

came effective in 1966. In 1967 there were 3,845 retail establishments operating in the District of Columbia. Three years and five pay minimum wage increases later, in 1969, the number of retail employers had dropped to 3,485. As for employees, the number in retail trades in 1967 was 66,887. By 1969 this number had dropped to 61,956.

Of the total retail sales in the Washington metropolitan area, the District of Columbia enjoyed 37.4% in 1967. In 1969, the percentage of the total for the District had dropped to 31.4 percent. In a single year between 1968 and 1969, the total dollar volume of retail sales for the District of Columbia dropped from $2,012 million to $1,746 million, a loss of more than $250 million in sales in a single year.

In view of the facts developed in hearings before your Committee, it is submitted that there is cause for deep concern and a real need is demonstrated for some action in relation to the provisions of the Minimum Wage Act. Your Committee strongly recommends the amendments in this bill as a necessary move toward bringing the economy of the District back into harmony with the metropolitan marketing area and restoring market conditions to better serve the employees and the consumers within the District of Columbia, and their rather conclusive demonstration of the damage being done as a result of the Board's action, the Board has proceeded without altering its course. The authority of Congress used by the Board can no longer go uncontrolled if there is to be any concern for the economic conditions in the District of Columbia.

RETAIL SALES—WASHINGTON METROPOLITAN AREA

[Dollars in millions]

Year	District of Columbia	Total SMSA	District of Columbia as a percent of total	Year	District of Columbia	Total SMSA	District of Columbia as a percent of total
1939	$404	$467	86.5	1955	1,315	2,295	57.3
1940	447	544	82.2	1956	1,348	2,418	55.7
1941	600	720	83.3	1957	1,354	2,561	52.9
1942	695	855	81.3	1958	1,332	2,615	50.9
1943	753	933	80.7	1959	1,411	2,885	48.9
1944	805	984	81.8	1960	1,433	3,003	47.7
1945	885	1,079	82.0	1961	1,460	3,170	46.1
1946	967	1,164	83.1	1962	1,560	3,444	45.3
1947	904	1,167	77.5	1963	1,656	3,769	43.9
1948	977	1,281	76.3	1964	1,515	3,781	40.1
1949	982	1,281	76.7	1965	1,618	4,164	38.9
1950	1,301	1,715	75.9	1966	1,749	4,592	38.1
1951	1,453	1,891	76.8	1967	1,856	4,969	37.4
1952	1,400	2,019	69.3	1968	2,012	5,496	36.8
1953	1,389	2,062	67.4	1969	1,746	5,552	31.4
1954	1,381	2,102	65.7				

Source: Survey of Buying Power—Sales Management, Inc.

DISTRICT OF COLUMBIA—RETAIL EMPLOYMENT

	Number of employers	Number of employees		Number of employers	Number of employees
1958	4,490	61,970	1964	4,053	65,042
1959	4,457	63,946	1965	4,030	66,465
1960	4,401	63,586	1966	3,963	66,707
1961	4,302	63,466	1967	3,845	66,887
1962	4,240	63,736	1968	3,707	64,717
1963	4,110	64,432	1969	3,485	61,956

Source: District of Columbia Unemployment Compensation Board Annual Reports.

SECTION 604—STUDY OF POTOMAC RIVER RESOURCES AND POLLUTION PROVISIONS

This section as amended, provides that the Administrator of the Environmental Protection Agency, in consultation with the Secretary of the Interior, the Chief of Engineers of the Corps of Engineers of the U.S. Army, and the Commissioner of the District of Columbia, shall conduct a study and make recommendations with respect to the following:

1. the water pollution problems of that part of the Potomac River located within the Washington metropolitan area;
2. the water resources of the Potomac River for that area;
3. the problems relating to the provision of adequate facilities for water, sewer, and related services for the area; and
4. the establishment of an independent regional entity to control and resolve such water pollution problems, to regulate and control the water resources of the area, and to provide such services to the various jurisdictions of the area at reasonable cost.

It is provided further that this study shall contain specific recommendations as to the amount of funding which would be necessary to establish and maintain such a regional entity, recommendations as to what functions now performed by Federal and District of Columbia entities should be transferred to such a regional entity, and also recommendations as to protective provisions for employees of these entities which would be affected by such a transfer.

The section provides further that the Administrator of the Environmental Protection Agency shall report to the Congress the results of this study, together with his recommendations, not later than March 31, 1971.

Background

Section 604 of the bill relates to the problems of water resources and water pollution of that part of the Potomac River located within the Washington metropolitan area. The responsibility for these problems, which until very recently resided in the Federal Water Quality Administration of the Department of the Interior, has now been transferred to the newly created Environmental Protection Agency. This, of course, is the reason for the Committee's amendment to this section.

The present situation with regard to water resources and water pollution in the Washington metropolitan area at present is the following.

1. Water resources

The District of Columbia Water System, as authorized by the United States Congress, consists of two separate divisions, one for water supply and another for water distribution.

The Supply Division, known as the Washington Aqueduct, is under the supervision of the U.S. Army Corps of Engineers. Their responsibility is to provide the District of Columbia with an adequate water supply. This Supply Division collects the water from the Potomac River through two intakes, one at Great Falls and one at Little Falls, purifies it at their Dalecarlia Reservoir and Filter Plant, and conveys it to the District of Columbia.

Responsibilities for storing, pumping, and distributing the purified water to consumers are assigned to the Department of Sanitary Engi-

neering of the District of Columbia government, which thus assumes the role of the Distribution Division of the District of Columbia Water System.

At this time, the D.C. Water System supplies water not only to the District of Columbia, but also to Arlington County, Falls Church, and a part of Fairfax County, in Virginia, as well as to the Pentagon. The city of Alexandria presently has its own source of water supply, but has expressed an interest in arranging to buy some from the D.C. Water System, in anticipation of a growing population which may render its own supply inadequate in the foreseeable future. The water for Montgomery and Prince George's Counties in Maryland is provided by the Washington Suburban Sanitary Commission.

The funds for operating the entire D.C. Water System come from the D.C. Water Fund, whose revenues accrue from the citizens and Federal agencies in the Nation's capital who are billed by the D.C. Department of Sanitary Engineering for the water they use. Additional revenue is collected also from the sale of water to the communities in Virginia, mention above. Funds for operating, maintaining, and constructing new facilities for the Washington Aqueduct are appropriated annually by the Congress from this D.C. Water Fund.

The District of Columbia Water System faces one serious problem at this time, and that is a shortage of water storage facilities. In periods of protracted dry weather, the water level of the Potomac River falls below its normal level, and the normal water intake rate is greatly curtailed. This situation can reach a point at which the capacities of the Washington Aqueduct's two storage facilities, the Georgetown Reservoir and the McMillan Reservoir, are not sufficient to maintain a normal rate of supply of water to the city and to the surburban communities dependent upon this source of water. It is true also that the Washington Suburban Sanitary Commission in suburban Maryland has this same problem.

As recently as September of 1966, a serious drought resulted in the D.C. Water System's being obliged to request a strict curtailment of water use until the critical shortage was alleviated by rainfall.

The U.S. Army Corps of Engineers has proposed, as a solution to this problem, the construction of 16 new reservoirs at various points on the Potomac River. However, opposition to a number of these proposed new reservoirs has reduced the number now contemplated to 6. Among those projects which have had to be discarded from the plan was the reservoir to be located at Seneca, Maryland, and this was the only one, your Committee is advised, which by reason of its planned location could have contributed materially to the solution of the water storage problem for the District of Columbia and its suburban neighbors. It is obvious, therefore, that while this proposal in its present form may be of benefit to communities elsewhere, it will not provide the solution which this problem demands in the Washington metropolitan area.

2. Sewage treatment facilities

At present, the principal sewage treatment facility in the Washington metropolitan area is the District of Columbia Water Pollution Control Plant, located at Blue Plains in the southwest corner of the city.

This plant was constructed in 1938, with a capacity to provide primary treatment only, to some 130 million gallons per day. While this was deemed sufficient at that time to serve 1.25 million people, the effect of the District's combined storm and sanitary sewer flows reduced this capacity at times to the equivalent of primary treatment for only some 650,000 people. Some twenty years later, facilities for secondary type treatment were added, and other improvements have been made since that time.

At present, the plant at Blue Plains is capable of removing 80 percent of the pollution from 240 gallons of effluent per day. It is now handling 260 million gallons per day, however, and thus is able to provide only 70 to 75 percent pollution removal from this amount. It should be pointed out that the standard set by the Department of Health, Education, and Welfare for sewage pollution removal is 90 percent; and before the District of Columbia could complete the construction required to achieve this standard, it was raised again more recently to a figure of 96 percent pollution removal, which therefore is the present goal. Today, however, the performance of this plant is some 20 to 26 percent below the desired standard.

It should be pointed out that at present, the plant at Blue Plains could handle not more than 125 million gallons per day at a removal standard of 96 percent . . . or less than half of the demand now being placed upon it.

The plant at Blue Plains is a regional one, serving large areas of both Maryland and Virginia. These areas include considerable parts of both Montgomery and Prince George's Counties in Maryland, and parts of both Fairfax and Loudon Counties in Virginia. In fact, the potential drainage area served outside the District is about ten times the size of the city itself.

The other sections of nearby Maryland and Virginia operate their own treatment facilities, and plans are being developed today to expand their capacities.

In April of 1969, dissatisfied with the progress of water pollution control, the Secretary of the Interior reconvened the Potomac River-Washington Metropolitan Area Enforcement Conference . . . first convened under the Eisenhower Administration in 1957, at which time the decision was made to upgrade the Blue Plains plant to provide Secondary Treatment . . . with conferees representing the water pollution control agencies of Maryland, Virginia, and the District, as well as the Interstate Commission on the Potomac River Basin, and the Department of the Interior. The result of this conference was the setting of unprecedentedly high treatment requirements, which called for the construction of advanced waste treatment facilities. The standard set was for the effluents to be treated to "near drinking water" quality, or the 96 percent pollution removal treatment referred to earlier in this report.

In order to comply with these conference recommendations, the D.C. Department of Sanitary Engineering proceeded with plans to implement its further development of the Blue Plains plant. Their first plan for this project included the filling-in of some 51 acres of Potomac River mud flats adjacent to the present plant, to enable expansion of the plant to a capacity of 419 million gallons per day, which is the flow anticipated for about the year 2000. However, the

Department of the Interior is opposed to this reclamation plan, and thus it is unlikely that it will prove feasible.

As an alternative, the plan presently envisions the expansion of the present plant so that it will be able to provide 96 percent pollution removal from a flow of 309 million gallons per day. Originally, it was thought that this project would take until 1977 to complete. It is now hoped, however, that it may be accomplished by the end of 1975, if the funds are made available for an early start on the work.

It is estimated that the cost of this project will be about $359.3 million, with the Federal government contributing 55 percent or $197.6 million, and the remaining 45 percent being shared by the users of the facility . . . that is, Virginia, Maryland, and the District of Columbia . . . in proportion to their amount of use.

The distribution of this cost between the several jurisdictions, per fiscal year, is presented in the following chart, prepared by the D.C. Department of Sanitary Engineering as of November 12, 1970.

ESTIMATED ANNUAL CASH FLOW BY FISCAL YEARS NECESSARY TO MEET PROPOSED CONSTRUCTION SCHEDULE BASED ON 55 PERCENT U.S. GRANT, WITH LOCAL SHARE EQUAL TO 45 PERCENT OF TOTAL COST

Fiscal year	Total estimated cost	Fairfax County at 2.59 percent of local share	W.S.S.C. at 47.90 percent of local share	D.C. plus [1] P.I. at 49.51 percent of local share
1971	$21,542,000	$250,000	$4,640,000	$4,800,000
1972	74,875,000	870,000	16,140,000	16,680,000
1973	115,445,000	1,350,000	24,880,000	25,720,000
1974	119,479,000	1,400,000	25,760,000	26,610,000
1975	27,959,000	315,000	6,030,000	6,240,000
Total	359,300,000	4,185,000	77,450,000	80,050,000

[1] Potomac interceptor.

The development of this plan culminated in the signing of a Memorandum of Understanding on Washington Metropolitan Regional Water Pollution Control Plan, on October 7, 1970. The parties to this Memorandum of Understanding are the District of Columbia, the Washington Suburban Sanitary Commission, and Fairfax County. The document was signed also by representatives of the U.S. Department of the Interior, the District of Columbia, and the States of Maryland and Virginia, in testimony to the fact that they also had participated in the discussions which preceded and led to the formulation of this Memorandum of Understanding.

The following chart shows the amount of effluent, in millions of gallons per day, presently being treated at the Blue Plains plant from the various sources, and the quantity from each source which will be able to be treated after the planned expansion of the plant.

Source of effluent	Present capacity (at 70–75 percent)	Expanded capacity (at 96 percent)
District of Columbia	133	135
Virginia (via Potomac Interceptor)	4	13
Maryland (via Potomac Interceptor)	1	5
Fairfax, Va. (via conduit at Chain Bridge)	8	8
Maryland (via Anacostia viaduct)	114	148
Total	260	309

Your Committee is advised that some delay in the planned financing is presently holding up the actual start of this badly needed project. The Federal Water Quality Administration, formerly under the Department of the Interior, received some $800 million for the purpose of water pollution programs in all the states, and this is alloted among the states on the basis of population. It has developed that this allotment of Federal funds to the state of Virginia is found not sufficient to provide the 55 percent of planned Federal participation in Virginia's share of the cost of the first contract of this Blue Plains project. Hence, since the payment of Fairfax County's share toward the cost of this first contract is contingent upon their receiving the Federal share thereof, there is presently some uncertainty as to when the project may actually get under way. However, your Committee is assured that several possible ways of relieving this impasse are being explored, and there is confidence that the matter will be resolved at an early date.

Need For Legislation

Despite the apparent assurance of this projected expansion of the facilities of the treatment plant at Blue Plains, there remain a number of obvious and very serious problems with regard to water pollution in the Washington metropolitan area which this project will not resolve.

In the first place, the plan for expansion at Blue Plains, referred to above, represents the utmost extent to which this facility can ever be expanded. The planned capacity of treatment for 309 million gallons per day can never be increased, without a decrease in the present standard of 96 percent pollution removal, inasmuch as the idea of adding to the plant's acreage by a land fill has been rejected. The Memorandum of Understanding, referred to above in this report, faces very frankly the fact that this capacity of Blue Plains, with 309 million gallons per day, and the other treatment facilities in the metropolitan region, cannot take care of the problem of water pollutio in this area for more than a few years at best. Population projections of the Maryland National Capital Park and Planning Commission for the WSSC service area, for example, indicate a WSSC need in nearby Maryland for 175 million gallons per day capacity in 1980. The District of Columbia recognizes also that, to meet its ultimate requirements, it must provide treatment for D.C. sewage in excess of the 135 million gallons per day planned for intake at Blue Plains, and at least 65 million gallons per day of Potomac Interceptor sewage.

In short, it is recognized in this Memorandum of Understanding that the proposed Blue Plains expansion will not be adequate to serve all future flows from the areas tributary to the Blue Plains facility, and that all jurisdictions must plan immediately to provide adequate treatment for flows in excess of those that can be accepted in the Blue Plains regional treatment facility. It is spelled out, therefore, that the appropriate parties will provide another regional plant or plants in which one or more of the parties may participate.

The Washington Suburban Sanitary Commission, in anticipation of the need for added facilities, has already formulated a projected schedule for site selection, design, and construction of an additional regional plant, and will pursue its completion subject to the avail-

ability of funds. The District and Virginia will be invited to participate in financing a portion of the cost of this additional regional plant, as well as the cost of the maintenance and operating costs, on the basis of capacity allocated.

Another very serious problem exists today by reason of the fact that the Potomac Interceptor, a 96-inch conduit which carries effluent from the Dulles Airport and a number of communities on both sides of the Potomac River to the District of Columbia line, connects in the vicinity of the Key Bridge to a District conduit only 48 inches in diameter. The result is an overloading of this 48-inch conduit, and a consequent overflow of 15 million gallons of raw sewage every day into the Potomac River at 30th Street in Georgetown.

When the Potomac Interceptor was authorized in 1960, the D.C. Department of Sanitary Engineering planned a 96-inch conduit to extend from the Blue Plains plant up the river to meet this new Interceptor. However, the final 3,000 feet of this conduit has never been constructed, although the funds for the entire project have been appropriated. Your Committee is informed that the D.C. City Council will not approve this completion, because of the likelihood that at least a part of this work would have to be done over when the planned Freeway is built along that part of the river front, in connection with the projected Three Sisters Bridge. In view of the present impasse with respect to the construction of this new bridge, there appears no relief in sight for this intolerable situation, which is making the Potomac River virtually an open sewer at that point.

There is a deep and growing concern with respect to water pollution and other ecological problems in all urban areas of the country. Your Committee certainly shares this feeling of anxiety in regard to this problem in the Washington metropolitan area, and feels a strong doubt that in view of the prospect of the population growth that is predicted for the suburban areas of the metropolitan region, the program that must be followed if the Potomac River is ever to be freed of pollution can ever be realized by such a fragmented operation as is now attempting to accomplish that end. As the population of the area continues to mushroom, it seems apparent that the difficulties of solving this grave problem through efforts involving jointly the Department of the Army, the Environmental Protection Agency, and the several communities in Maryland and Virginia may be expected to increase enormously.

For these reasons, your Committee feels strongly that the study of this entire situation regarding water resources and water pollution control, as provided for in this section of H.R. 19885, and particularly the study of the feasibility and advisability of an independent regional entity, to control and resolve all such water supply and pollution problems with the advantage of unified authority, is badly needed at this time. We believe that the report and recommendations which the Congress will receive next March will be invaluable as a guide to effective legislation in this area.

SECTION 605—LONG-TERM LEASES FOR RENTAL OF SPACE FOR DISTRICT GOVERNMENT

The purpose of Section 605 is to enable the government of the District of Columbia by long-term leases to more efficiently lease privately-

owned space in buildings or in improved or unimproved property for the accommodation of District agencies and activities. This will result in considerable savings in rental or leasing payments made by the District, as the attached correspondence discloses, showing, in one lease alone, the saving would be $1 million over a 20-year period. Your committee recognizes, however, that the mere extension or renewal of terms of existing leases at expiration will not result in the savings indicated. The element of competitive offer must be observed in all cases.

Present law limits the terms of such leases by the District government to 5 years, whereas the reported bill permits leases for 20 years.

The authority in this bill would allow the District government to compete for space in the open market on the same terms as the Federal Government.

The Federal Government, which is also required to rent a large amount of privately owned space in the District of Columbia, is not in fact subject to restrictions as severe as those that have been placed on the District of Columbia government.

The Federal Government may enter into leases for as long as 20 years (40 U.S.C., sec. 490 (h)). The maximum annual net rent that the Federal Government may pay for space is set at 15 per centum of the fair market value of the premises at the date of the lease under which the premises are to be occupied by it (40 U.S.C., sec. 278a).

In both provisions, the Federal Government has considerably greater flexibility than the District government and is in a better position to realistically compete in the open market for rental space.

The urgency and the need for this legislation is set forth in detail in the following letters from the District of Columbia government:

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C., March 24, 1970.

The HONORABLE SPEAKER,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: The Government of the District of Columbia has the honor to submit herewith a bill "Relating to the rental of space for the accommodation of District of Columbia agencies and activities, and for other purposes."

The District of Columbia has found it necessary under certain circumstances to rent privately-owned space in buildings or in improved or unimproved property for the accommodation of District agencies and activities. Authority to rent such space for the official use of the District of Columbia is found in a provision of the Act of March 3, 1877 (19 Stat. 363; 40 U.S.C. 34), under the caption MISCELLANEOUS, reading as follows:

> "* * * hereafter no contract shall be made for the rent of any building, or part of any building, to be used for the purposes of the Government in the District of Columbia, until an appropriation therefor shall have been made in terms by Congress, and that this clause be regarded as notice to all contractors or lessors of any such building or any part of a building."

This provision has been held applicable to the District of Columbia by decisions of the Comptroller of the Treasury (10 Comp. Dec. 117; 10 Comp. Dec. 178) and the Comptroller General (17 Comp. Gen. 424; 32 Comp. Gen. 593). This authority was subsequently restricted by specific provisions in the 1945 and 1959 District of Columbia Appropriation Acts.

Section 6 of the 1945 District of Columbia Appropriation Act (58 Stat. 509; D.C. Code, sec. 1–243) limits the amount of rent which may be paid for space for the use of the District to not more than "90 per centum of the per annum rate paid by the District of Columbia for such quarters on June 30, 1933. . . ." In recognition of the unrealistic nature of this provision. Congress has specified in District appropriation acts beginning in 1957 that funds for rental of quarters shall be available "without reference to section 6 of the District of Columbia Appropriation Act, 1945".

A further restriction was added by section 12 of the District of Columbia Appropriation Act of 1959 (72 Stat. 498, 511), wherein Congress specified that "rentals shall not be on terms and periods in excess of five years". According to Senate Report No. 1764, this limitation on the leasing of rental space to periods not exceeding five years was inserted "in order to conform with Federal practices."

The Commissioner notes that the Federal Government, which is also required to rent a large amount of privately-owned space in the District of Columbia, is not in fact subject to restrictions as severe as those that have been placed on the District of Columbia Government. The Federal Government may enter into leases for as long as twenty years (40 U.S.C., §490(h)). The maximum annual net rent that the Federal Government may pay for space is set at 15 per centum of the fair market value of the premises at the date of the lease under which the premises are to be occupied by it (40 U.S.C., § 278a). In both provisions, the Federal Government has considerably greater flexibility than the District Government and is in a better position to realistically compete in the open market for rental space. The authority the District is proposing in this bill would allow the District Government to compete for space in the open market on the same terms as the Federal Government.

The restrictions that have been placed on the District have meant that the District has not been able to obtain the most economical and efficient leasing arrangements that would otherwise be availble. The importance to the District of being able to obtain rental space at as low a cost as possible can be seen by noting the increasing amounts of District funds that are spent on rental space:

1965	$721,800.00
1966	889,780.00
1967	1,791,430.00
1968	2,712,760.00
1969	4,096,799.00

In view of the amount of money which has been appropriated for rental space for the District of Columbia it would appear to be highly desirable for the District to have express Congressional authorization for a sound, modern space rental program. Anticipated District needs make it essential that authority for long term leasing be obtained at this time for the District of Columbia.

First, the District is planning to consolidate its major municipal functions in the Judiciary Square area. The planned municipal complex will incorporate the present Municipal Center and the old court house. In addition, a great deal of new office space is needed in the area in order to accomplish the desired consolidation. Private developers have indicated an interest in constructing buildings to accommodate the District Government and this use for the area has been proposed in the Downtown Urban Renewal Plan. The construction costs involved in this project are great and it is not likely that funds will be available within the District's capital improvements budget in the near future, given the many other pressing needs in the capital improvements program.

The consolidation of municipal functions at Judiciary Square is a highly desirable goal and would result in greater efficiency and economies for the local government. It will be possible to accomplish the consolidation within present budgetary constraints if the District is given twenty year leasing authority and lease purchase authority. The District could purchase the necessary office space in the Judiciary Square area through a reallocation of rental funds that are currently being expended for leased space at numerous sites throughout the city. Through lease purchase authority, the District would be able to exercise its option to purchase the buildings when, in the future, capital improvements funds are available.

Georgetown University, as well as private developers, has submitted a proposal to construct office buildings for the District Government contingent upon the District's obtaining the desired leasing authority. Private developers are willing to negotiate with the District for the construction of office buildings to meet the city's needs if the District is in a position to enter into a long term lease.

The willingness of private developers to construct facilities based on the client's ability to enter into a long term lease stems from the fact that lending institutions require at least a ten year lease before they will finance a construction project for a private developer. If a developer indicates that he has a long term lessee, he is in a better position to obtain financing. This, in turn, results in benefits to the lease holder.

The Judiciary Square project is just one case in point where the District stands to realize significant benefits if it has the authority to enter into long term leases. The Judiciary Square example is important because of the time element involved. If the District does not obtain the necessary leasing authority in the immediate future and move to take advantage of the offers that have been made, then the goal of a unified municipal complex in downtown Washington may be lost forever.

A second case wherein twenty year leasing authority is vital to the District of Columbia is the case of the Potomac Building, which may prove to be typical. The District of Columbia recently leased space in this building at a cost of $5.35 per square foot based on the District's present five year leasing authority. If the District had been able to enter into a ten year lease, the price per square foot would have been $5.00, a savings of $100,000 per year and of $1 million for the ten year period. If the long term lease authority is enacted by July 1, 1970, this particular lease can still be negotiated at $5.00 per square foot.

A third case involves the provision of adequate classroom space. As the Congress is well aware, the District has been faced for some time with a situation of acute classroom shortage in certain areas of the city, such as the Southeast. In these areas, the private construction of residential facilities has out-stripped the ability of the public sector to provide the needed school facilities. Under the District's present school construction processes, it takes from five to eight years to construct a new school, whereas a residential building can be put up easily within two years. Furthermore, in the Southeast there is a problem in finding suitable sites on which to locate new schools. These two facts have prompted consideration by the District of the possibility of entering into long term leasing agreements with private developers for the provision of classroom space in a housing development. Thus, the school facility would be ready at the same time as the new population needs the facility. Also, if the age of the population in the area changes and the school is no longer needed, the space can then be turned back to the builder for renovation into additional housing units.

In view of the above mentioned needs of the District of Columbia, the District Government strongly urges the enactment by the Congress of the attached legislation. The attached draft bill, substantially similar to existing law relating to the rental of space by the Federal Government, would enable the District of Columbia to enter into lease and lease purchase agreements for up to twenty years and would repeal the existing provisions of law which severely limit the District of Columbia's authority to rent the space needed to accommodate its various agencies and activities.

Sincerely yours,

GRAHAM W. WATT,
Assistant to the Commissioner
(For Walter E. Washington, Commissioner).

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, D.C. June 23, 1970.

Hon. JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reference to a District-sponsored bill, relating to the rental of space for the accommodation of District of Columbia agencies and activities, which is now pending before your Committee.

As I indicated in my May 19 letter to you on this bill, the purpose of the legislation is to enable the District of Columbia Government to more efficiently lease privately-owned space in buildings or in improved or unimproved property for the accommodation of District agencies and activities. By comparison, the Federal Government, which is also required to rent a large amount of privately-owned space in the District of Columbia, is not subject to restrictions as severe as those that have been placed on the District Government. Specifically, the Federal Government may enter into twenty-year

leases for rental property, whereas the District is restricted to five-year leases. The proposed legislation would allow the District Government to lease space in the open market on the same terms as the Federal Government.

The restrictions that have been placed on the District have meant that the District has not been able to obtain the most economical and efficient leasing arrangements that would otherwise be available. An example of this situation involves the District Government's recent leasing of the Potomac Building at Sixth Street, N.W., between G and H Streets. If we could have entered into a ten-year lease, we could have rented the building at the rate of $5 a square foot. Since we had only five-year lease authority, the owner had to tentatively refinance his loan and passing these costs on to the District raised the rental rate to $5.35 a square foot. This resulted in a total cost increase to the District of $100,000 per year or $1 million over the ten-year period.

With respect to the Potomac Building lease, the District Government has an agreement with the owner that if the District's legislation to extend its leasing authority to twenty years is enacted into law prior to July 1, 1970, the owner will reduce the rental rate and the District will save $1 million. Although we are seeking an extension of this agreement on the Potomac Building in order to allow more time for Congressional action, the extension has not yet been obtained.

I believe the District's savings on the Potomac Building alone supports the need for prompt action on the District's proposed legislation. That situation shows how the legislation would greatly assist the District in developing a sound, modern space rental program.

I urge early and favorable action by your committee on this important legislation.

Sincerely,

GRAHAM W. WATT,
Assistant to the Commissioner.

TITLE VII—DAIRY PRODUCTS

This section amends the District of Columbia Milk Act enacted February 27, 1925 (43 Stat. 1005; D.C. Code. Title: 33, Sec. 301) by updating the provisions of the 1925 Act and bringing it generally into harmony with legislation in effect in a majority of the States. In addition, it authorizes the importation of safe, wholesome milk into the District of Columbia without requiring an unnecessary inspection by District inspectors, where inspection and certification of the sources of supply have already been adequately accomplished by a milk sanitation rating officer certified by the Secretary of Health, Education, and Welfare.

The Federal organization principally responsible for and involved in developing and setting standards for fluid milk, milk products, and Grade A dry milk products, is the U.S. Public Health Service. In connection with its responsibility for public health, the Public Health Service has coordinated its activities with the States and with industry in the development of standards for the items mentioned. Although there are some essential differences in the concepts and practices that various Federal agencies have adopted with respect to their responsibilities for setting standards for food protection, the Public

Health Service in order to fulfill its responsibility in this regard has adopted an inspection concept which has been characterized as "motivation and surveillance." In line with this concept, the Public Health Service has pursued a policy of collaborating with State and local agencies and private industry in the development and maintenance of effective food protection programs.

Under the Public Health Service milk sanitation programs, the States and local agencies make the sanitary inspections, laboratory or other tests and analyses, and inspections of products. These inspection activities, however, are subject to surveillance, including inspections by the Public Health Service, to insure that the State and local inspections are being made in accordance with the appropriate standards and procedures agreed upon between the various States and local agencies and the Public Health Service.

Primarily, as noted the Public Health Service role has been accomplished through the promotion of effective State and local sanitation programs and procedures; the provision of technical assistance, training, and research; the formulation of effective standards; the control of licensing of State rating officers; and the publication of ratings in compliance with, and enforcement of, sanitary standards.

As viewed from the States, a majority of the States have enacted legislation in which their milk inspection system has been effectively collaborated with the U.S. Public Health Service system. Uniformly this has resulted in clean, wholesome milk and milk products being made available to the consumers, while insuring compliance with and enforcement of high sanitary standards of the sale and distribution of milk and milk products.

Thus, under the provisions of this bill, any milk or milk product which meets U.S. Public Health Service standards would be exempt from a special inspection by D.C. authorities prior to importation of the products into the District. However, there would still be periodic "spot-check" inspections of products sold in the District by District Health Department representatives, and under the bill the District would retain authority to confiscate such products as it deems unsafe for human consumption.

There are other reasons for the introduction and enactment of this bill. Among those reasons is the shortage of supply of wholesome milk for the District of Columbia as expressed by Graham W. Watt, Deputy Commissioner:

> The Washington "milk shed" is growing increasingly short of supply to furnish the needs of the District of Columbia and the remainder of the Metropolitan Area. This shortage is cumulative and will become greater because the economic factors creating the shortage are increasing. The Commissioner believes that there is now no public health reason whatsoever that would indicate the necessity of refusing to permit the sale within the District of any wholesome milk from any of the certified sources within the United States. The title further provides for the issuance of a local permit for the sale or importation into the District of any milk, cream, milk product, or frozen dessert, and for the seizure and destruction of unsafe dairy products.

In addition, Dr. Raymond L. Standard, Jr., Director of the District of Columbia Department of Health, has listed a number of changes which have taken place since 1925 which suggest reasons for the amendment of the 1925 Milk Act:

1. The State Public Health Service Program for Certification of Interstate Milk Shippers was established in 1950. This program is now operational in all contiguous States. The criteria under which the program is being conducted provide for application of the 1965 PHS Grade "A" Past. Milk Ordinance and other pertinent standards thereby insuring a high quality of safe milk.

2. State and local health jurisdictions are staffed to permit full discharge of their responsibility under the Interstate Milk Shipment Program.

3. Technological developments in the milk industry have reduced the sanitation problems incident to transportation of milk over long distances.

The present Act requires on-the-spot inspections of all milk and frozen dessert sources by District health authorities. Approximately two-thirds of the milk so inspected is sold outside the District in metropolitan areas. The legislative proposal would result in reduced costs to the District of inspecting sources by authorizing acceptance of inspections of other jurisdictions. For milk and creams these products would be certified as having a sanitation compliance and enforcement rating of 90 per centum or better as determined by a Milk Sanitation Rating Officer certified by the Department of Health, Education and Welfare.

The Department believes that there is now no public health reason whatsoever that would indicate the necessity of refusing to permit the sale within the District of Columbia of any wholesome milk from any of the certified sources within the United States. The legislation is designed to permit the importation into the District of Columbia of safe and wholesome milk without previous inspection by the District Department of Public Health, where inspection and certification has already been adequately accomplished by a daily authorized Federal or State Agency. In addition, a number of definitions and standards relating to milk and milk products and other obsolete provisions of the 1925 Act have been omitted from the legislation as being more suitable for revision by regulation from time to time, as necessary.

The primary responsibilities to be retained by the District would involve surveillance over two pasteurization plants and two frozen dessert plants located within the District, laboratory surveillance over the milk and frozen dessert products retailed in the District, and the issuance of permits.

There is also every reason to believe that by expanding the number of States and producers who may ship milk and frozen or other milk products into the District, there will be a very beneficial effect to consumers on the pricing of certain milk products in the District of Columbia. In addition, there are a number of small business producers and dealers in milk and milk products which may be aided by the enactment of this bill.

Finally, and more importantly because of the stringent financial situation of the District of Columbia, it is estimated that an annual saving of $269,000 commencing 1 July, 1971, would accrue to the District of Columbia Public Health Department with the enactment of this bill. The provisions contained in section 701(b), making this title effective 1 July 1971, will permit the authorities in the surrounding jurisdictions adequate time to employ additional staff members to assume the inspection duties now carried on by the D.C. Public Health authorities.

This legislation is approved by the District of Columbia Government, whose letter dated Sept. 29, 1970, reporting to your Committee on H.R. 19165 (the separate bill whose provisions comprise Title VII of the reported bill) concludes as follows:

> The major effect of H.R. 19165 is the elimination of the need to inspect dairy farms located outside the District of Columbia producing milk to be used in the District, as required by present law. The Commissioner believes that there is now no public health reason whatsoever that would indicate the necessity of refusing to permit the sale within the District of wholesome milk from any sources within the United States where inspection and certification has already been adequately accomplished by a duly authorized Federal or State agency. Other provisions of the bill will enable health authorities of the District to assume consumers that the facilities for handling and distributing milk and milk products meet desirable health standards without on-the-spot inspection and that the milk is in fact safe, free from impurities, and wholesome.
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> The Commissioner approves in principle the objectives of both H.R. 18355 and H.R. 19165.

TITLE VIII—INTERSTATE ROUTES AND THE FEDERAL PAYMENT

Purpose

The purpose of this title is to bring to an end the deadlock which exists between the District of Columbia Government and the Congress with respect to the construction of the Interstate Highway System elements within the District of Columbia, the coninued existence of which is not only thwarting the completion of these links in the Federal Interstate Highway System, but also is threatening the completion of the vitally needed Rapid Rail Transit System for the Washington Metropolitan area.

Provisions

This title provides that no part of the Federal payment to the District of Columbia, authorized in article VI of the D.C. Revenue Act of 1947 (D.C. Code, secs. 47–2501a—47–2501b) shall be appropriated until the Commissioner of the District of Columbia has certified to the Congress that the District has complied with the provisions of section 23 of the Federal-Aid Highway Act of 1968 and of any other Act which Congress has enacted after that Act, to the extent that the

District has begun work on the prescribed projects and has committed itself to their construction and completion. An exception is made, however, in the case of any such projects on which the failure of the city to begin work or to carry out such commitment is solely because of a court injunction issued in response to a petition filed by a person other than the District of Columbia or any agency or instrumentality of the United States Government.

Background

In 1968, it was estimated that the nation-wide Interstate Highway System will consist of some 41,000 miles of highways designed to connect, by routes as direct as practicable, the principal metropolitan areas, cities, and industrial centers, to serve the national defense, and to connect at suitable border points with the Dominion of Canada and the Republic of Mexico. The total cost of this vast undertaking was estimated at $56.5 billion, with the Federal government's share amounting to $50.6 billion.

The portion of the Interstate System planned for the District of Columbia includes 29 miles of highways.

In 1967 and 1968, the Public Works Committee of the House of Representatives held extensive hearings on the subject of the Interstate System in the District of Columbia, and concluded that a balanced transporation system, including both a rapid transit system and a freeway system, is an absolute necessity for the continued validity of this community.

These hearings also developed testimony indicating that the multiplicity of public agencies and diverse authorities in the nation's capitol, at both the Federal and the local level, had produced such divergent views and convictions that meaningful progress on such an adequate transporation system did not appear likely.

For this reason, Section 23 of the Federal-Aid Highway Act of 1968 directed the Secretary of Transportation and the government of the District of Columbia to undertake, as soon as possible after the date of enactment of that Act, the construction and completion of all routes comprising the above-mentioned 29 miles of the Interstate System within the District of Columbia, as set forth in the 1968 Interstate System Cost Estimate (House document #199, 90th Congress).

More specifically, section 23 (b) of this Act required that the District government commence work within 30 days after the date of enactment on the following projects, all companies of the Interstate System:

1. Three Sisters Bridge, I–266.
2. Potomac River Freeway, I–266.
3. Center Leg of the Inner Loop, I–95 (section terminating at New York Avenue).
4. East Leg of the Inner Loop, I–295 (section terminating at Bladensburg Road).

In addition, section 23(c) of the Act directed the D.C. government and the Secretary of Transportation to study those projects of the Interstate System in the City other than those specified in section 23(b), listed above, and to report to the Congress within 18 months their recommendations with regard to any alternative routes or plans

with respect to such projects. These projects included the South Leg and the North Leg of the Inner Loop, and the North-Central Freeway.

2. Position of the Congress regarding District compliance with Section 23 of the Federal-Aid Highway Act of 1968

The House Committee on Public Works and the D.C. Subcommittee of the House Committee on Appropriations take the position that the District of Columbia government has not satisfactorily complied with the provisions of the Federal-Aid Highway Act of 1968, and feel strongly that full compliance therewith must be assured.

It is pointed out that of those projects directed by section 23(c) of the 1968 Act to be studied by the District of Columbia government and the Secreatry of the Treasury, only one such project, the South Leg of the Inner Loop, was the subject of agreement between the two entities.

Further, your Committee is advised that with respect to the North Central Freeway, the most highly controversial of these projects, the recommendations of the city government and of the Department of Transportation are in utter disagreement. And despite the fact that under the law, all plans for these Interstate routes must be approved by the Transportation Planning Board of the Metropolitan Area Council of Governments, the officially designated coordinators for transportation planning in the D.C. area, the District government presented to the Congress in February 1970 the same recommendations with respect to this North Central Freeway which the Transportation Planning Board had rejected a year earlier. It does not appear, therefore, that this action on the part of the District of Columbia government can be construed as meaningful compliance with section 23(c) of the 1968 Federal Highway Act.

On June 4, 1970, the Chairman of the House Committee on Public Works issued a statement on this situation in which he stated, in part, as follows:

> The intent of the 1968 Highway Act was to clarify the confusion which had reigned for so many years in the District of Columbia regarding the Interstate Highway System. The act directed that certain projects be completed and that others be studied further to enable the District to adjust the projects to whatever changing conditions had occurred during the long period of controversy.
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> * * * * *
>
> The two reports submitted to the Congress are for the greater part in disagreement with each other. In addition, both contain wide variances from what is contained in the 1968 Highway Act. In other words, the two have confused the picture to the same, if not worse, extent as that which existed when the 1968 Highway Act was passed.

On that same date, the Chairman of the Subcimmittee on District of Columbia Appropriations addressed himself to this situation on the floor of the House, stating in part as follows:

> The report to the Congress by the District of Columbia is merely a warmed-over version of the plan which was rejected by the Transportation Planning Board. It further suggested

revisions which might take place at some later date which would change the already prescribed project for the east leg of the inner loop.

* * * * *

The report to the Congress by the Department of Transportation proposed a still different plan than either that of the District of Columbia or that proposed in the 1968 Act.

* * * * *

The intent of the Act has been thwarted at every turn by the District of Columbia government. Until that situation has changed, I see no alternative to the course of action taken by our committee and the action that we report today.

The final sentence in the above-quoted remarks refers to the Subcimmittee's action in deleting some $34.2 million of subway construction funds from the city's request in the D.C. Appropriation Act for 1971. This is consistent with the position taken by this Subcommittee in the past several years, that the construction of the Interstate System in the District must be assured, as well as that of the Rapid Transit System.

Thus, the Congress regards the present situation as substantially unchanged since 1968, with respect to the entire problem which is left to the Congress to resolve.

3. Federal-Aid Highway Act of 1970

Under the provisions of this title, the District of Columbia government will also be required to comply with future Acts of Congress regarding this Interstate System. The bill H.R. 19504, which was approved by the House on November 25, 1970 and presently is pending in the other body, will apparently emerge as the Federal-Aid Highway Act of 1970, though of course its provisions cannot be predicted at this time.

As passed by the House, however, this bill contains the following provisions with respect to the Interstate System in the District of Columbia:

1. The South Leg of the Inner Loop is deleted from the D.C. Interstate System. Your Committee understands that this provision will allow the plan agreed to by both the D.C. government and the Department of Transportation to be constructed as part of I–66.

2. In regard to the remainder of the System ordered to be studied in the 1968 Act, the D.C. government is ordered to commence work not later than 30 days after the date of enactment on the remaining portion of the East Leg of the Inner Loop (beginning at Bladensburg Road, the Northeast-North Central Freeway, the Northeast Freeway, and the North Central Freeway, all as designated in the 1968 Interstate System Cost Estimate.

3. The D.C. government and the Secretary of Transportation are required to study the project for the North Leg of the Inner Loop, and to report to the Congress within 12 months after the date of enactment their recommendations with respect to such project, including any recommended alternative routes or plans.

Need for Legislation

This impasse between the Congress and the District of Columbia government, as has been pointed out, is not only delaying the construction of the Interstate Highway System in the District, but also is indirectly jeopardizing the construction of the Rapid Rail Transit System for the area.

The Federal Interstate Highway System is well along toward completion, and your Committee feels that the construction of whatever elements of this System are needed in the District of Columbia should no longer be delayed. We are of the opinion that the Nation's capital should not and cannot exist as an isolated bottleneck in this nationwide system of high-speed highways, and that it is in the interest of all the citizens of this country that their capital city be readily accessible to them by motor vehicle.

It should be made clear, however, that in this effort to bring an end to this deadlock and to assure the early construction of these Interstate projects, this Committee is not advocating or endorsing any specific plan regarding the routes to be followed by these projects. These details of planning are not within the purview of this Committee, and we are interested solely in getting the impasse resolved and the entire project off of dead center.

Your Committee is most seriously concerned at the threat which this situation has created with respect to the construction of the Metro system in the metropolitan area, the need for which we regard as crucial. This aspect of the problem arose several years ago, when the Chairman of the House Subcommittee on D.C. Appropriations expressed the conviction that the District of Columbia could not, in the interest of all the citizens of this country, be permitted to develop the local rapid transit system without constructing the Interstate Highway System through the city as well. For this reason, that Subcommittee deleted some $43 million for D.C. subway construction from the pending D.C. Appropriation bill for fiscal year 1970, pending assurance that the Interstate projects would be started without delay. In this instance, on August 11, 1970, a D.C. Revenue bill then pending was amended on the floor of the House, to the effect that no part of the Federal payment to the District authorized in that bill be appropriated until the President reported to the Congress that the District of Columbia government had begun work on each of the four specific Interstate projects listed in section 23(b) of the Federal-Aid Highway Act of 1968, and had committed itself unalterably to their completion. The House approved this amendment, which had wide support from the members of your Committee.

This action proved to be the solution to the impasse then existing, as the President wrote to the Chairman of the D.C. Subcommittee on Appropriations the following day, stating that the D.C. City Council had taken the appropriate action and was then "firmly committed to the completion of these projects as the Federal-Aid Highway Act of 1968 provides". This was supplemented by assurances from the Director of the D.C. Department of Highways and Traffic, and also from the Director of the U.S. Bureau of the Budget, and the funds in question were released.

Unfortunately, however, a subsequent impasse has again been reached, as has been described elsewhere in this report. This present deadlock appears to involve the city's compliance with section 23(c) of the 1968 Federal Highway Act, pertaining to the study of those elements of the D.C. Interstate System not specified in section 23(b) for immediate construction, rather than the provisions of section 23(b) itself which were the subject of the floor amendment to the D.C. Revenue Act of 1969.

At any rate, the former deadlock has once more been reached, and on June 4, 1970, the Chairman of the Subcommittee on D.C. Appropriations stated on the floor of the House that:

> It is clear from what has transpired since our committee approved the money necessary to begin construction on the rapid transit system and since we recommended . . . that the money heretofore approved and held in abeyance be released for construction, that the terms of the Highway Act of 1968 have not been complied with.

The result of this impasse has been that the Subcommittee on D.C. Appropriations has felt it necessary to withhold some $34.2 million in subway construction funds from the District of Columbia appropriations for fiscal year 1971, until compliance on the part of the city with the 1968 Federal Highway Act has been assured.

At this time, it is the understanding of your Committee that the Washington Metropolitan Area Transit Authority has sufficient funds to permit the continued award of construction contracts through December of this year, but that the appropriation of further Federal funds, in the amount of approximately $330 million, is dependent on the appropriation of the District of Columbia's share, referred to above.

The entire Washington metropolitan area is facing a critical need for this rapid transit system, and costs of construction are rising daily. Thus, delay in this project can be financially disastrous, and any curtailment in the plan for the system would be a most serious blow to the economic well-being of the entire region.

Conclusions

In the face of this critical situation, your Committee finds it essential that this impasse be resolved. We have no wish to deny any duly approved funds to the District of Columbia for any purpose. Thus, it is not our intent to withhold any part of the Federal payment to the District, nor do we believe that this will result from the enactment of this title of the proposed bill. Rather, it is our hope and our belief that this provision will result in compliance on the part of the District of Columbia government, as was the case in 1969 when a similar provision amending the D.C. Revenue Act of 1969 produced this same result, and that thus both the Interstate System in the District and the Metro system in the entire metropolitan area will be developed, to the ultimate benefit of all the citizens, in the entire country as well as in the Nation's capital.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, 19885 as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

DISTRICT OF COLUMBIA REVENUE ACT OF 1947

* * * * * * *

ARTICLE VI—FEDERAL PAYMENT

SEC. 1. For the fiscal year ending June 30, [1970] *1971*, and for each fiscal year thereafter, there is authorized to be appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, not to exceed [$105,000,000] *$120,000,000* which shall be credited to the general fund of the District of Columbia.

SEC. 2. If in any fiscal year or years a deficiency exists between the amount appropriated and the amount authorized by this article to be appropriated, additional appropriations are hereby authorized for subsequent fiscal years to pay such deficiency or deficiencies.

* * * * * * *

ACT OF JUNE 6, 1958

AN ACT To authorize the Commissioners of the District of Columbia to borrow funds for capital improvement programs and to amend provisions of law relating to Federal Government participation in meeting costs of maintaining the Nation's Capital City

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) a program of construction to meet capital needs of the government of the District of Columbia is hereby authorized. Such program shall include, without limitation, projects relating to activities to meet the needs of the public in the fields of education, health, welfare, public safety, recreation, and other general government activities.

(b)(1) To assist in financing the cost of constructing facilities required for activities financed by the general fund of the District, the Commissioners are hereby authorized to accept loans for the District from the United States Treasury, and the Secretary of the Treasury is hereby authorized to lend to the Commissioners such sums as may hereafter be appropriated for such purpose, except that no loan made under this subsection after June 30, 1967, shall cause the amount which is required to be paid in any fiscal year out of the general fund of the District as principal and interest on the aggregate indebtedness of the District to exceed—

(A) in the case of an amount required to be paid in a fiscal year ending in [1968, 1969, or 1970] *1971 or 1972* 6 per centum of the general revenue of the District which the Commissioners estimate will be credited to the general fund of the District during such fiscal year; or

(B) in the case of an amount required to be paid in a fiscal year ending after June 30, [1970] *1972* [6] *8* per centum of the general revenue of the District credited to the general fund of the District for the fiscal year ending June 30, [1970] *1972*.

* * * * * * *

DISTRICT OF COLUMBIA SALES TAX ACT

* * * * * * *

SEC. 114. (a) "Retail sale" and "sale at retail" mean the sale in any quantity or quantities of any tangible personal property or service taxable under the terms of this title. Said term shall mean all sales of tangible personal property to any person for any purpose other than those in which the purpose of the purchaser is to resell the property so transferred in the form in which the same is, or is to be, received by him, or to use or incorporate the property so transferred as a material or part of other tangible personal property to be produced for sale by manufacturing, assembling, processing, or refining. For the purpose of the tax imposed by this title, these terms shall include but shall not be limited to the following:

* * * * * * *

(6) The sale or charges for possession or use of any article of tangible personal property granted under a lease or contract, regardless of the length of time of such lease or contract or whether such lease or contract is oral or written; in such event, for the purposes of this title, such lease or contract shall be considered the sale of such article and the tax shall be computed and paid by the vendor upon the rental paid: *Provided, however,* That the gross proceeds from the rental of films, records, or any type of sound transcribing to theaters and radio and television braodcasting stations shall not be considered a retail sale[: *Provided further,* That the gross proceeds from the rental of textiles, the essential part of which rental includes recurring service of laundering or cleaning thereof, shall not be considered a retail sale].

* * * * * * *

IMPOSITION OF TAX

SEC. 125. A tax is imposed upon all vendors for the privilege of selling at retail certain tangible personal property and for the privilege of selling certain selected services (defined as "retail sale" and "sale at retail" in this title). The rate of such tax shall be 4 per centum of the gross receipts from sales of or charges for such tangible personal property and services, except that—

(1) the rate of tax shall be 2 per centum of the gross receipts from (A) sales of food for human consumption off the premises where such food is sold, (B) sales of or charges for the services described in paragraph (11) of section 114(a) of this title, [and]

(C) sales of medicines, pharmaceuticals, and drugs not made on prescriptions of duly licensed physicians, surgeons, or other general or special practitioners of the healing art, *and (D) charges for rental of textiles if the essential part of the rental includes recurring services of laundering or cleaning of the textiles*;

(2) the rate of tax shall be 5 per centum of the gross receipts from sales of or charges for any room or rooms, lodgings, or accommodations, furnished to transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients; and

(3) the rate of tax shall be 5 per centum of the gross receipts from sales of (A) spiritous or malt liquors, beer, and wines, and (B) food for human consumption other than off the premises where such food is sold.

* * * * * * *

EXEMPTIONS

SEC. 128. Gross receipts from the following sales shall be exempt from the tax imposed by this title:

* * * * * * *

(r) Sales of textiles to persons who are engaged in the business of renting such textiles, if the essential part of such business includes recurring services of laundering or cleaning of the textiles.

* * * * * * *

DISTRICT OF COLUMBIA USE TAX ACT

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TITLE II—COMPENSATING-USE TAX

DEFINITIONS

SECTION 201. (a) "Retail sale", "sale at retail" and "sold at retail" means all sales in any quantity or quantities of tangible personal property, whether make within or without the District, and services, to any person for the purpose of use, storage, or consumption, within the District, taxable under the terms of this title. These terms shall mean all sales of tangible personal property to any person for any purpose other than those in which the purpose of the purchaser is to resell the property so transferred in the form in which the same is, or is to be, received by him, or to use or incorporate the property so transferred as a material or part of other tangible personal property to be produced for sale by manufacturing, assembling, processing, or refining. For the purpose of the tax imposed by this title, these terms shall include, but shall not be limited to, the following:

* * * * * * *

(4) The sale or charges for possession or use of any article of tangible personal property granted under a lease or contract, regardless of the length of time of such lease or contract or whether such lease or contract is oral or written; in such event for the purposes of this title, such lease of contract shall be considered the sale of such article and

the tax shall be computed and paid by the vendor upon the rental paid: *Provided, however,* That the gross proceeds from the rental of films, records, or any type of sound transcribing to theaters and radio and television broadcasting stations shall not be considered a retail sale [: *Provided further,* That the gross proceeds from the rental of textiles, the essential part of which rental includes recurring service of laundering or cleaning thereof, shall not be considered a retail sale].

* * * * * * *

IMPOSITION OF TAX

SEC. 212. Beginning on and after the first day of the first month succeeding the sixtieth day after the approval of this Act, there is hereby imposed and there shall be paid by every vendor engaging in business in the District and by every purchaser a tax on the use, storage, or consumption of any tangible personal property and services sold or purchased at retail sale. The rate of tax imposed by this section shall be 4 per centum of the sales price of such tangible personal property or services, except that—

(1) the rate of tax shall be 2 per centum of the sales price of (A) sales of food for human consumption off the premises where such food is sold, (B) sales of the services described in paragraph (9) of section 201(a) of this title, [and] (C) sales of medicines, pharmaceuticals, and drugs not made on prescriptions of duly licensed physicians, surgeons, or other general or special practitioners of the healing art, *and (D) charges for rental of textiles if the essential part of the rental includes recurring service of laundering or cleaning of the textiles;*

(2) the rate of tax shall be 5 per centum of the sales price of sales of any room or rooms, lodgings, or accommodations, furnished to transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients; and

(3) the rate of tax shall be 5 per centum of the sales price of sales of (A) spiritous or malt liquors, beer, and wines, and (B) food for human consumption other than off the premises where such food is sold.

ACT OF DECEMBER 24, 1942

AN ACT To define the real property exempt from taxation in the District of Columbia

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the real property exempt from taxation in the District of Columbia shall be the following and none other:

SECTION 1. (a) * * *

* * * * * * *

(h) Buildings belonging to and operated by institutions which are not organized or operated for private gain, which are used for purposes of public charity principally in the District of Columbia. *For purposes of this paragraph, any building—*

(1) which is financed in whole or in part with (A) a mortgage insured under section 221 (d)(3), (h), or (i) of the National Housing

Act and receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of such Act, or (B) a mortgage insured under section 237 of such Act;

(2) with respect to which periodic assistance payments are made under section 235 of the National Housing Act or interest reduction payments are made under section 236 of such Act;

(3) with respect to which rent supplement payments are made under section 101 of the Housing and Urban Development Act of 1965;

(4) which is financed in whole or in part with a loan made under section 202 of the Housing Act of 1959;

(5) which contains dwelling units constituting low-rent housing in private accommodations within the meaning of section 23 of the United States Housing Act of 1937; or

(6) with respect to which there is an outstanding rehabilitation loan made under section 312 of the Housing Act of 1964,

shall not, so long as the mortgage or loan involved remains outstanding or the assistance involved continues to be received, be considered a building used for purposes of public charity; except that this sentence will not apply to those organizations granted an exemption under this paragraph before the date of enactment of this sentence.

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DISTRICT OF COLUMBIA INCOME AND FRANCHISE TAX ACT OF 1947

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TITLE III—NET INCOME, GROSS INCOME AND EXCLUSIONS THEREFROM, AND DEDUCTIONS

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SEC. 3. (a) DEDUCTIONS ALLOWED.—The following deductions shall be allowed from gross income in computing net income:

* * * * * * *

(7) DEPRECIATION.—A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate. The basis upon which such allowances are to be computed is the basis provided for in title XI, section 6, of this article. *In the case of property held by any taxpayer on the first day of his first taxable year beginning after December 31, 1968, which, on such first day, was property described in this paragraph, any reduction in the basis of such property for purposes of computing the allowance under this paragraph which resulted from the enactment of the District of Columbia Revenue Act of 1969 shall be treated as an additional depreciation deduction which shall (subject to paragraph (14)) be allowable under this paragraph ratably over such period (beginning not earlier than the first taxable year of the taxpayer which begins after December 31, 1968), not to exceed 10 taxable years, as may be agreed upon by the taxpayer and the Commissioner."*

* * * * * * *

TITLE XI—BASES

SEC. 1. BASIS FOR DETERMINING GAIN OR LOSS.—The basis for determining the gain or loss from the sale or other disposition of property shall be [the same basis as that provided] *determined in accordance with the provisions* for determining gain or loss under the Internal Reveue Code of 1954.

* * * * * * *

SEC. 6. DEPRECIATION.—The basis used in determining the amount allowable as a deduction from gross income under the provisions of section 3(a)(7) of title III of this article shall be [the same basis as that provided] *determined in accordance with the provisions* for determining the gain from the sale or other disposition of property for Federal income tax purposes under the Internal Revenue Code of 1954.

* * * * * * *

DISTRICT OF COLUMBIA PUBLIC EDUCATION ACT

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SEC. 107. In the administration of—

(1) the Act of August 30, 1890 (7 U.S.C. 321–326, 328) (known as the Second Morrill Act),

(2) the tenth paragraph under the heading "EMERGENCY APPROPRIATIONS" in the Act of March 4, 1907 (7 U.S.C. 322) (known as the Nelson Amendment),

(3) section 22 of the Act of June 29, 1935 (7 U.S.C. 329) (known as the Bankhead-Jones Act),

(4) the Act of March 4, 1940 (7 U.S.C. 331), [and]

(5) the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1629), *and*

(6) section 108(b) of this Act,

the Federal City College [shall] *and the Washington Technical Institute shall each* be considered to be a college established for the benefit of agriculture and the mechanic arts in accordance with the provisions of the Act of July 2, 1862 (7 U.S.C. 301–305, 307, 308) (known as the First Morrill Act); and the term "State" as used in the laws and provisions of law listed in the preceding paragraphs of this section shall include the District of Columbia.

* * * * * * *

Sec. 109. (a) In the administration of the Act of May 8, 1914 (7 U.S.C. 341–346, 347a–349) (known as the Smith-Lever Act)—

(1) the Federal City College [shall] *and the Washington Technical Institute shall each* be considered to be a college established for the benefit of agriculture and the mechanic arts in accordance with the provisions of the Act of July 2, 1862 (7 U.S.C. 301–305, 307, 308); and

(2) the term "State" as used in such Act of May 8, 1914, shall include the District of Columbia, except that the District of Columbia shall not be eligible to receive any sums appropriated under section 3 of such Act.

(b) In lieu of an authorization of appropriations for the District of Columbia under section 3 of such Act of May 8, 1914, there is

authorized to be appropriated to the District of Columbia such sums as may be necessary to provide cooperative agricultural extension work in the District of Columbia under such Act. For the fiscal years ending June 30, 1969, and June 30, 1970, sums appropriated under this subsection may be used to pay the total cost of providing such extension work; and for each fiscal year thereafter such sums may be used to pay no more than one-half of such cost. Any reference in such Act (other than section 3 thereof) to funds appropriated under such Act shall in the case of the District of Columbia be considered a reference to funds appropriated under this subsection.

(c) Four per centum of the sums appropriated under subsection (b) for each fiscal year shall be allotted to the Federal Extension Service of the Department of Agriculture for administrative, technical, and other services provided by the Service in carrying out the purposes of this section.

SEC. 110. Grants to the District of Columbia under the Acts referred to in section 107 and under section 109(b) and the earnings of sums appropriated under section 108(b) shall be shared equally between the Federal City College and the Washington Technical Institute.

SEC. [110] *111.* The enactment of sections 107 and 109 of this title shall, as respects the District of Columbia, be deemed to satisfy any requirement of State consent contained in any of the laws or provisions of law referred to in such sections.

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ACT OF MARCH 3, 1901

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SEC. 937. DEDUCTION FOR GOOD CONDUCT.—All persons sentenced to and imprisoned in [the jail or in the workhouse of the District of Columbia] *facilities operated by the District of Columbia Department of Corrections* and confined there for a term of one month or longer who conduct themselves so that no charge of misconduct shall be sustained against them shall have a deduction upon a sentence of not more than one year of five days for each month; upon a sentence of more than one year and less than three years, six days for each month; upon a sentence of not less than three years and less than five years, seven days for each month; upon a sentence of not less than five years and less than ten years, eight days for each month; and upon a sentence of ten years or more, ten days for each month, and shall be entitled to their discharge so much the earlier upon the certificate of the superintendent [of the Washington Asylum and Jail for those confined in the jail, and upon the certificate of the superintendent of the workhouse for those confined in the workhouse,] *of the particular facility in which they are confined* of their good conduct during their imprisonment. When a prisoner has two or more sentences the aggregate of his several sentences shall be the basis upon which his deduction shall be estimated.

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ACT OF JUNE 10, 1910

AN ACT To require that all inmates of the workhouse and reformatory for the District of Columbia shall be returned to and released in said District

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That hereafter all inmates of [the workhouse and reformatory for the District of Columbia] *facilities operated by the District of Columbia Department of Corrections* shall be returned to and released in said District on the day of the expiration of sentence.

FIRST SECTION OF THE ACT OF JUNE 5, 1920

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CHARITIES AND CORRECTIONS

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REFORMATORY: Assistant superintendent, $1,800; chief clerk, $1,200; assistant clerk and stenographer, $1,000; steward, $1,500; captain of day officers, $1,200; six instructors, at $1,200 each; ten day officers, at $900 each; captain of night force, $1,080; six night officers, at $720 each; parole officer, $1,200; overseer, $1,200; in all, $30,700;

For continuing construction of permanent buildings, including sewers, water mains, roads, and necessary equipment of industrial railroad, $50,000;

For maintenance, including superintendence, custody, clothing, guarding, care, and support of inmates; rewards for fugitives; provisions, subsistence, medicine and hospital instruments, furniture, and quarters for guards and other employees and inmates; purchase of tools and equipment; purchase and maintenance of farm implements, live stock, tools, equipment; transportation and means of transportation; maintenance and operation of means of transportation; supplies and labor, and all other necessary items, $55,000;

For fuel for maintenance, $8,000;

In all, $143,700, which sum shall be expended under the direction of the commissioners.

Hereafter the commissioners are authorized, under such regulations as they may prescribe, to sell the surplus products of [the workhouse and the reformatory] *facilities operated by the District of Columbia Department of Corrections.* All moneys derived from such sales shall be paid into the Treasury of the United States to the credit of the United States and to the credit of the District of Columbia in the same proportions as the appropriations for such institutions are paid from the Treasury of the United States and the revenues of the District of Columbia.

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FIRST SECTION OF THE ACT OF FEBRUARY 28, 1923

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CHARITIES AND CORRECTIONS

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REFORMATORY.

Salaries: Assistant superintendent, $1,800; chief clerk, $1,200; assistant clerk and stenographer, $1,000; steward, $1,500; captain of day officers, $1,200; six instructors, at $1,200 each; sixteen day officers, at $900 each; captain of night force, $1,080; nine night officers, at $720 each; parole officer, $1,200; overseer, $1,200; in all, $38,260;

For continuing construction of permanent buildings, including sewers, water mains, roads, and necessary equipment of industrial railroad, $30,000;

For maintenance, custody, clothing, care, and support of inmates; rewards for fugitives; provisions, subsistence, medicine and hospital instruments, furniture, and quarters for guards and other employees and inmates; purchase of tools and equipment; purchase and maintenance of farm implements, live stock, tools, equipment; transportation and means of transportation; maintenance and operation of means of transportation; supplies and labor, and all other necessary items, $56,000, and all moneys hereafter received [at the reformatory] *at facilities operated by the District of Columbia Department of Corrections* as income thereof from the sale of brooms to the various branches of the government of the District of Columbia shall remain available for the purchase of material for the manufacture of additional brooms to be similarly disposed of;

For fuel, $7,740;

For material for repairs to buildings, roads, and walks, $4,000;

In all, $136,000, which shall be expended under the direction of the commissioners.

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ACT OF MARCH 16, 1926

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SEC. 6. That the board shall have complete and exclusive control and management of the following institutions of the District of Columbia: (a) The workhouse at Occoquan in the State of Virginia; [(b) the reformatory at Lorton in the State of Virginia;] [(c)] (*b*) the Washington Asylum and Jail; [(d)] (*c*) the National Training School for Girls, in the District of Columbia and at Muirkirk in the State of Maryland; [(e)] (*d*) the Gallinger Municipal Hospital; [(f)] (*e*) the Tuberculosis Hospital; [(g)] (*f*) the Home for the Aged and Infirm; [(h)] (*g*) the Municipal Lodging House; [(i)] (*h*) the Industrial Home School; [(j)] (*i*) the Industrial Home School for Colored Children; [(k)] (*j*) District Training School in Anne Arundel County, in the State of Maryland.

* * * * * * *

ACT OF JUNE 27, 1946

AN ACT To create a Department of Corrections in the District of Columbia

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That there is hereby created in and for the District of Columbia a Department of Corrections to be in charge of a Director who shall be appointed by the Commissioners of the District of Columbia.

SEC. 2. Said Department of Corrections under the general direction and supervision of the Commissioners of the District of Columbia shall have charge of the management and regulation of the Workhouse at Occoquan in the State of Virginia, [the Reformatory at Lorton in the State of Virginia,] and the Washington Asylum and Jail, and be responsible for the safekeeping, care, protection, instruction, and discipline of all persons committed to such institutions. The Department of Corrections with the approval of the Commissioners shall have power to promulgage rules and regulations for the government of such institutions and to establish and conduct industries, farms, and other activities, to classify the inmates, and to provide for their proper treatment, care, rehabilitation, and reformation.

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DISTRICT OF COLUMBIA LAW ENFORCEMENT ACT OF 1953

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NOTICE OF RELEASE OF PRISONERS

SEC. 304 (a) Whenever the *United States* Board of Parole [of the District of Columbia] has authorized the release of a prisoner [under section 4 of the Act entitled "An Act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932, as amended (D.C. Code, sec. 24–204), or the United States Board of Parole has authorized the release of a prisoner under section 6 of that Act, as amended (D.C. Code, sec. 24–206)] *convicted in the District of Columbia,* it shall notify the Chief of Police of that fact as far in advance of the prisoner's release as possible.

(b) Except in cases covered by subsection (a) of this section, notice that a prisoner under sentence of six months or more is to be released from an institution under the management and regulation of the Director of the Department of Corrections shall be given to the Chief of Police as far in advance of the prisoner's release as possible.

(c) Except in cases covered by subsection (a) of this section, the Attorney General shall give notice to the Chief of Police as far in advance as possible, whenever a prisoner who has been convicted in the District of Columbia and is under sentence of six months or more is to be released from an institution under the management and regulation of the Attorney General.

* * * * * * *

ACT OF JUNE 1, 1957

AN ACT To permit any State of the United States or any political subdivision of any such State to purchase from the District of Columbia Reformatory at Lorton, Virginia, gun mountings and carriages for guns for use at historic sites and for museum display purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any State of the United States of any political subdivision of any such State is authorized to purchase from the [District of Columbia Reformatory located at Lorton, Virginia, at fair market prices determined by the Commissioners of the District of Columbia,] *facilities under the management and regulations of the Attorney General at Lorton, Virginia, at fair market prices determined by the Attorney General.* gun mountings and carriages for guns for use at historic sites and for museum display purposes. [Receipts from sales authorized under this Act shall be deposited to the credit of the working capital fund established for the industrial enterprises at the workhouse and reformatory of the District of Columbia to the same extent and in the same manner as provided for receipts from the sale of products and services of such industrial enterprises in the last paragraph under the heading "Adult Correctional Service" in the first section of the District of Columbia Appropriation Act, 1947 (60 Stat. 514).]

ACT OF MARCH 2, 1911

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CHARITIES AND CORRECTIONS

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WORKHOUSE: For the following purposes in connection with removal of jail and workhouse prisoners from the District of Columbia to the site acquired for a workhouse in the State of Virginia, in accordance with the provisions of existing law, including superintendence, custody, clothing, guarding, maintenance, care, and support of said prisoners; subsistence, furniture, and quarters for guards and other employees and inmates; the purchase and maintenance of farm implements, live stock, seeds, and miscellaneous items, tools and equipment; transportation and the means of transportation; the maintenance and operation of the means of transportation; and supplies and personal services, and all other necessary items, one hundred and ninety-three thousand dollars, of which sum eighty thousand dollars shall be immediately available: [*Provided,* That the United States District Court for the District of Columbia, the Attorney General, and the warden of the District of Columbia Jail, when so requested by the Commissioners of the District of Columbia, shall deliver into the custody of the superintendent or the authorized deputy or deputies of said superintendent of said workhouse, male and female prisoners sentenced to confinement in said jail for offenses against the common law or against statutes or ordinances relating to the District of Columbia, and, in the discretion of the supreme court of the District of Columbia and the Attorney General, male and female prisoners serving sentence in said jail for offenses against the United States, for the purposes named in the

law authorizing the acquisition of the site for said workhouse and such other work or services as may be necessary, in the discretion of the Commissioners of said District, in connection with the construction, maintenance, and operation of said workhouse, or the prosecution of any other public work at said institution or in the District of Columbia: *Provided further*, That, on the direction of said commissioners, male and female prisoners confined in any existing workhouse or in the Washington Asylum and Jail of the District of Columbia shall be delivered into the custody of said superintendent or the authorized deputy or deputies of said superintendent aforesaid, to perform similar work or services to those hereinbefore required of male and female prisoners serving sentences in the District of Columbia Jail: *Provided further*, That the Commissioners of the District of Columbia are hereby vested with jurisdiction over such male and female prisoners from the time they are so delivered into the custody of said superintendent or the duly authorized deputy or deputies of said superintendent, including the time when such prisoners are in transit between the District of Columbia and the site acquired for such workhouse, and during the period such prisoners are on such site or in the District of Columbia until they are released or discharged under due process of law: *Provided further*,] That all the authority, duties, discretion, and powers now vested in the Attorney General of the United States, by law, in relation to the support of prisoners sentenced to confinement in the jail of the District, including the custody of the jail building, grounds, and appurtenances, and authority over the warden and employees thereof, and in relation to and accounting for all appropriations in connection with such prisoners, jail, warden, and employees, are hereby transferred to and vested in the Commissioners of the District of Columbia, to take effect and be in force on and after the first day of July, nineteen hundred and eleven, and the Commissioners of the District of Columbia are hereby authorized and directed to receive and keep in the jail of the District of Columbia all other prisoners committed thereto for offenses against the United States: *Provided further*, That the jail of the District of Columbia and the Washington Asylum of said District, on and after the first day of July, nineteen hundred and eleven, shall be combined as one institution, known as the Washington Asylum and Jail; and the Commissioners of said District are hereby authorized to appoint a superintendent of said institution, at a compensation of one thousand eight hundred dollars per annum, and the positions of warden of the jail and superintendent of the institution now known as Washington Asylum are abolished on and after said date; and all the duties, discretion, and powers now vested in and exercised by the warden of the jail of said District and the superintendent of the present Washington Asylum are hereby transferred to and vested in the superintendent herein provided for, who shall give bond to the District of Columbia for the faithful performance of the duties of his office, as are now or may hereafter be prescribed, in the penal sum of five thousand dollars, with surety or sureties to be approved by said commissioners: *Provided further*, That whenever and wherever authority of law exists to sentence, commit, order committed, or confine any person to or in said jail or asylum, said authority shall, on, from, and after July first nineteen hundred and eleven,

be exercised by sentence, commitment, order of commitment, or confinement to or in said Washington Asylum and Jail: *Provided further*, That all of the powers, duties, and authority now vested in the supreme court of the District of Columbia in relation to the appointment and removal of the warden of the jail of the District of Columbia, and in relation to the making of rules for the government and discipline of the prisoners confined in the jail, are hereby transferred to and vested in the Commissioners of the District of Columbia, who shall also have the authority heretofore vested in the warden to appoint subordinate officers, guards, and employees, without the approval of the chief justice of the supreme court of the District of Columbia: *Provided further*, That the Commissioners of the District of Columbia, are hereby authorized, under such regulations as they may prescribe, to sell to the various departments and institutions of the government of the District of Columbia the products of said workhouse, and all moneys derived from such sales shall be paid into the Treasury, one-half to the credit of the United States and one-half to the credit of the District of Columbia.

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ACT OF SEPTEMBER 1, 1916

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CHARITIES AND CORRECTIONS

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[REFORMATORY: For construction of temporary quarters, including necessary furniture and equipment for the care of two hundred inmates, $5,000;

[For beginning construction of permanent buildings, including sewers, water mains, roads, and necessary equipment of industrial railroad, $45,000;

[For maintenance, including superintendence, custody, clothing, guarding, care and support of inmates; rewards for fugitives; provisions, subsistence, medicine and hospital instruments, furniture, and quarters for guards and other employees and inmates; purchase of tools and equipment; purchase and maintenance of farm implements, live stock, tools, equipment; transportation and means of transportation; maintenance and operation of means of transportation; supplies and personal services, and all other necessary items, $50,000: *Provided*, That whenever any person has been convicted of crime in any court in the District of Columbia and sentenced to imprisonment for more than one year by the court, the imprisonment during the term for which he may have been sentenced or during the residue of said term may be in some suitable jail or penitentiary or in the reformatory of the District of Columbia, above referred to; and it shall be sufficient for the court to sentence the defendant to imprisonment in the penitentiary without specifying the particular prison or the reformatory of the District of Columbia and the imprisonment shall be in such penitentiary, jail, or the reformatory of the District of Columbia as the Attorney General shall from time to time designate: *Provided further*, That the commissioners are vested with jurisdiction over such male and female prisoners as may be designated by the

Attorney General for confinement in the reformatory of the District of Columbia from the time they are delivered into their custody or into the custody of their authorized superintendent, deputy, or deputies, and until such prisoners are released or discharged under due process of law: *And provided further*, That the residue of the term of imprisonment of any person who has heretofore been convicted of crime in any court in the District of Columbia and sentenced to imprisonment for more than one year by the court may be in the reformatory of the District of Columbia instead of the penitentiary where such persons may be confined when this Act takes effect, and the Attorney General, when so requested by the Commissioners of the District of Columbia, is authorized to, and he shall, deliver into the custody of the superintendent of said reformatory or his deputy or deputies any such person confined in any penitentiary in pursuance of any judgment of conviction in and sentence by any court in the District of Columbia, and the Commissioners of the District of Columbia are vested with jurisdiction over such prisoners from the time they are delivered into the custody of said superintendent or his duly authorized deputy or deputies, including the time when they are in transit between such penitentiary and the reformatory of the District of Columbia, and during the period they are in such reformatory or until they are released or discharged under due process of law. The Attorney General shall pay the cost of the maintenance of said prisoners so transferred, said payment to be from appropriations for support of convicts, District of Columbia, in like manner as payments are now made for the support of District convicts in Federal penitentiaries. Nothing herein contained shall be construed as applying to the National Training School for Boys or the National Training School for Girls. The provisions of this paragraph shall take effect on and after July first, nineteen hundred and sixteen;

[For fuel for maintenance, $5,000;

[For enlargement of the central power plant to furnish light, power, and water to the reformatory and workhouse, $20,000;

[For refrigerating and ice plant for the combined use of the reformatory and workhouse, $4,000;

[In all, $129,000, which sum shall be expended under the direction of the commissioners.]

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THE FIRST SECTION OF THE ACT OF MARCH 3, 1915

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JUDICIAL

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United States Courts

* * * * * * *

[For the fiscal year nineteen hundred and sixteen and thereafter the cost of the care and custody of District of Columbia convicts in any Federal penitentiary shall be charged against the District of Columbia in quarterly accounts to be rendered by the disbursing officer of said

penitentiary; and the amount to be charged against the District of Columbia shall be ascertained by multiplying the average daily number of District of Columbia convicts confined in the penitintiary during the quarter by the per capita cost for all prisoners in such penitentiary for the same quarter but excluding expenses of construction or extraordinary repair of buildings.

The cost of the care and custody of persons convicted of violations of laws applicable exclusively to the District of Columbia and committed to Federal penal or correctional institutions shall be charged against the District of Columbia in quarterly accounts to be rendered by the Attorney General of the United States. The amount to be charged against the District of Columbia shall be ascertained by multiplying the average daily number of such persons in the particular institution during the quarter by the per capita cost for all prisoners in the same institution for the same quarter, but excluding expenses of construction or extraordinary repair of buildings.

* * * * * * *

ACT OF JULY 15, 1932

* * * * * * *

[SEC. 4. (a) Whenever it shall appear to the Board of Parole that there is a reasonable probability that a prisoner will live and remain at liberty without violating the law, that his release is not incompatible with the welfare of society, and that he has served the minimum sentence imposed or the prescribed portion of his sentence, as the case may be, the Board may authorize his release on parole upon such terms and conditions as the Board shall from time to time prescribe. While on parole, a prisoner shall remain in the legal custody and under the control of the Attorney General of the United States or his authorized representative until the expiration of the maximum of the term or terms specified in his sentence without regard to good time allowance.

[(b) Notwithstanding the provisions of subsection (a) of this section, the Board of Parole may, subject to the approval of the Board of Commissioners of the District of Columbia, promulgate rules and regulations under which the Board of Parole, in its discretion, may discharge a parolee from supervision prior to the expiration of the maximum term or terms for which he was sentenced.]

[SEC. 5. If said Board of Indeterminate Sentence and Parole, or any member thereof, shall have reliable information that a prisoner has violated his parole, said Board or any member thereof, at any time within the term or terms of the prisoner's sentence, may issue a warrant to any officer hereinafter authorized to execute the same for the retaking of such prisoner. Any officer of the District of Columbia penal institutions, any officer of the Metropolitan Police Department of the District of Columbia, or any Federal officer authorized to serve criminal process within the United States to whom such warrant shall be delivered is authorized and required to execute such warrant by taking such prisoner and returning or removing him to the penal institution of the District of Columbia from which he was paroled or to such penal or correctional institution as may be designated by the Attorney General of the United States.]

SEC. 5 Any officer of a facility of the District of Columbia Department of Corrections or any officer of the Metropolitan Police Department to whom a warrant of the United States Board of Parole for the retaking of a parole violator is delivered, shall execute the warrant by taking such prisoner and returning him to the custody of the Attorney General.

[SEC. 6. When a prisoner has been retaken upon a warrant issued by the Board of Parole, he shall be given an opportunity to appear before the Board, a member thereof, or an examiner designated by the Board. At such hearing he may be represented by counsel. The Board may then, or at any time in its discretion, terminate the parole or modify the terms and conditions thereof. If the order of parole shall be revoked, the prisoner, unless subsequently reparoled, shall serve the remainder of the sentence originally imposed less any commutation for good conduct which may be earned by him after his return to custody. For the purpose of computing commutation for good conduct, the remainder of the sentence originally imposed shall be considered as a new sentence. The time a prisoner was on parole shall not be taken into account to diminish the time for which he was sentenced.

[In the event a prisoner is confined in, or as a parolee is returned to a penal or correctional institution other than a penal or correctional institution of the District of Columbia, the Board of Parole created by the Act of May 13, 1930 (ch. 255, 46 Stat. 272; 18 U.S.C. 723a), shall have and exercise the same power and authority as the Board of Parole of the District of Columbia had the prisoner been confined in or returned to a penal or correctional institution of the District of Columbia.

[SEC. 7. That all Acts or parts of Acts inconsistent with the provisions of the Act are hereby repealed: *Provided, however,* That for any felony committed before this Act takes effect, the penalty, sentence, or forfeiture provided by law for such felony at the time such felony was committed shall remain in full force and effect and shall be imposed, notwithstanding this Act.]

* * * * * * *

[SEC. 9. The power of the Board of Parole shall extend to all prisoners whose sentences exceed one hundred and eighty days regardless of the nature of the offense: *Provided,* That in the case of a prisoner convicted of an offense other than a felony, including violations of municipal regulations and ordinances and Acts of Congress in the nature of municipal regulations and ordinances, the prisoner may not be paroled until he has served one-third of the sentence imposed, and in the case of two or more sentences for other than a felony, no parole may be granted until after the prisoner has served one-third of the aggregate sentences imposed.

[SEC. 10. The Board of Parole created by the Act of Congress entitled "An Act to amend an Act providing for the parole of United States prisoners, approved June 25, 1910, as amended", approved May 13, 1930, shall have and exercise the same power and authority over prisoners convicted in the District of Columbia of crimes against the United States and now or hereafter confined in any United States penitentiary or prison (other than the penal institutions of the District of Columbia) as is vested in the Board of Indeterminate Sentence and Parole over prisoners confined in the penal institutions of the District of Columbia.]

* * * * * * *

ACT OF JULY 17, 1947

AN ACT To reorganize the system of parole of prisoners convicted in the District of Columbia

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That a Board of Parole for the penal and correctional institutions of the District of Columbia is hereby created to consist of three members appointed by the Commissioners of the District of Columbia, one of whom shall serve on a full-time basis and be designated by the Commissioners as Parole Executive. The other two members shall serve without compensation, one of whom shall be elected Chairman of the said Board. The Board of Parole shall select its own Chairman and shall have power to establish rules and regulations for its procedure.

[SEC. 2. Upon appointment of the members of the Board of Parole, the powers of the Board of Indeterminate Sentence and Parole created by the Act of July 15, 1932 (ch. 492, 47 Stat. 696, title 24, D.C. Code, sec. 201), not specifically repealed by this Act, shall be transferred to and vested in the Board of Parole. The officers and employees of the Board of Indeterminate Sentence and Parole, except the members thereof, together with all official records, furniture and supplies, and all unexpended balances of any appropriations, shall be transferred to the Board of Parole. It shall be the duty of the parole executive to prepare for the consideration of the Board of Parole all applications of prisoners for parole in such form and at such times and together with such information and records as the Board of Parole may require, to perform such administrative duties as the Board may prescribe, and to supervise prisoners on parole in accordance with the terms and conditions prescribed by the Board. The Department of Corrections, and all other agencies and officials of the District shall cooperate with the Board and shall furnish the Board with such information, files, and records as it may deem necessary in the performance of its duties: *Provided*, That confidential information and records shall not be required to be produced.

[SEC. 3. Section 4 of the Act of July 15, 1932 (ch. 492, 47 Stat. 697; title 24, D.C. Code, sec. 204), as amended by the Act of June 6, 1940 (ch. 254, 54 Stat. 242), is amended as follows:

["SEC. 4. Whenever it shall appear to the Board of Parole that there is a reasonable probability that a prisoner will live and remain at liberty without violating the law, that his release is not incompatible with the welfare of society, and that he has served the minimum sentence imposed or the prescribed portion of his sentence, as the case may be, the Board may authorize his release on parole upon such terms and conditions as the Board shall from time to time prescribe. While on parole, a prisoner shall remain in the legal custody and under the control of the Attorney General of the United States or his authorized representative until the expiration of the maximum of the term or terms specified in his sentence without regard to good time allowance."

[SEC. 4. When by reason of his training and response to the rehabilitation program of the Department of Corrections it appears to the Board that there is a reasonable probability that a prisoner will live and remain at liberty without violating the law, and that his immediate release is not incompatible with the welfare of society, but he has not served his minimum sentence, the Board in its discretion may apply to the court imposing sentence for a reduction of his minimum sentence. The court shall have jurisdiction to act upon the application at any time prior to the expiration of the minimum sentence and no hearing shall be required. If a prisoner is serving a sentence for a crime for which a minimum sentence is prescribed by section 3 (b) of the Act entitled "An Act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its fun tions, and for other purposes," approved July 15, 1932, as amended, hiscminimum sentence shall not be reduced under this section below hte minimum sentence so prescribed.

[SEC. 5. Section 6 of the Act of July 15, 1932 (ch. 492, 47 Stat. 698; title 24, D. C. Code, sec. 206), as amended by the Act of June 6, 1940 (ch. 254, 54 Stat. 242), is amended as follows:

["SEC. 6. When a prisoner has been retaken upon a warrant issued by the Board of Parole, he shall be given an opportunity to appear before the Board, a member thereof, or an examiner designated by the Board. At such hearing he may be represented by counsel. The Board may then, or at any time in its discretion, terminate the parole or modify the terms and conditions thereof. If the order of parole shall be revoked, the prisoner, unless subsequently reparoled, shall serve the remainder of the sentence originally imposed less any commutation for good conduct which may be earned by him after his return to custody. For the purpose of computing commutation for good conduct, the remainder of the sentence originally imposed shall be considered as a new sentence. The time a prisoner was on parole shall not be taken into account to diminish the time for which he was sentenced.

["In the event a prisoner is confined in, or as a parolee is returned to a penal or correctional institution other than a penal or correctional institution of the District of Columbia, the Board of Parole created by the Act of May 13, 1930 (ch. 255, 46 Stat. 272; 18 U. S. C. 723a), shall have and exercise the same power and authority as the Board of Parole of the District of Columbia had the prisoner been confined in or returned to a penal or correctional institution of the District of Columbia."

[SEC. 6. Section 9 of the Act of July 15, 1932 (ch. 492, 47 Stat. 698; title 24, D.C. Code, sec. 208), as amended by the Act of June 6, 1940 (ch. 254, 54 Stat. 242), is amended as follows:

["SEC. 9. The power of the Board of Parole shall extend to all prisoners whose sentences exceed one hundred and eighty days regardless of the nature of the offense: *Provided*, That in the case of a prisoner convicted of an offense other than a felony, including violations of municipal regulations and ordinances and Acts of Congress in the nature of municipal regulations and ordinances, the prisoner may not be paroled until he has served one-third of the sentence imposed, and in the case of two or more sentences for other than a felony, no parole may be granted until after the prisoner has served one-third of the aggregate sentences imposed."

[SEC. 7. Section 1 of the Act of July 15, 1932 (ch. 492, 47 Stat. 696; title 24, D.C. Code, sec. 201), and section 2 of the said Act as amended by the Act of June 6, 1940 (ch. 254, 54 Stat. 242; title 24, D.C. Code, Sec. 202), are hereby repealed.]

TITLE 18, UNITED STATES CODE

* * * * * * *

§ 4202. Prisoners eligible.

A Federal *or District of Columbia* prisoner, other than a juvenile delinquent or a committed youth offender, wherever confined and serving a definite term or terms of over one hundred and eighty days, whose record shows that he has observed the rules of the institution in which he is confined, may be released on parole after serving one-third of such term or terms or after serving fifteen years of a life sentence or of a sentence of over forty-five years.

* * * * * * *

§ 4205. Retaking parole violator under warrant; time to serve undiminished.

A warrant for the retaking of any United States *or District of Columbia* prisoner who has violated his parole, may be issued only by the Board of Parole or a member thereof and within the maximum term or terms for which he was sentenced. The unexpired term of imprisonment of any such prisoner shall begin to run from the date he is returned to the custody of the Attorney General under said warrant, and the time the prisoner was on parole shall not diminish the time he was sentenced to serve.

* * * * * * *

§ 5025. Applicability to the District of Columbia.

(a) The Commissioner of the District of Columbia is authorized to provide facilities and personnel for the treatment and rehabilitation of youth offenders convicted of violations of any law of the United States applicable exclusively to the District of Columbia or to contract with the Director of the Bureau of Prisons for their treatment and rehabilitation, the cost of which may be paid from the appropriation for the District of Columbia.

(b) [When facilities of the District of Columbia are utilized by the Attorney General for the treatment and rehabilitation of] *The Director of the Bureau of Prisons may contract with the District of Columbia for the treatment, rehabilitation or supervision of youth offenders committed to the custody of the Attorney General by courts in the District of Columbia. With respect to youth offenders convicted in the District of Columbia of violations of laws of the United States not applicable exclusively to the District of Columbia, the cost shall be paid from the "Appropriation for Support of United States Prisoners."*

[(c) All youth offenders committed to institutions of the District of Columbia shall be under the supervision of the Commissioner of the District of Columbia, and he shall provide for their maintenance, treatment, rehabilitation, supervision, conditional release, and discharge in conformity with the objectives of this chapter.]

§ 5026. Parole of other offenders not affected.

Nothing in this chapter shall be construed as repealing or modifying the duties, power, or authority of the Board of Parole[, or of the Board of Parole of the District of Columbia,] with respect to the parole of United States prisoners, or prisoners convicted in the District of Columbia, [, respectively,] not held to be committed youth offenders or juvenile delinquents.

* * * * * * *

ACT OF SEPTEMBER 21, 1966

AN ACT To declare the Old Georgetown Market a historic landmark and to require its preservation and continued use as a public market, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the real property, together with all structures thereon on the date of enactment of this Act, described as lot 800, square 1186, of the District of Columbia, commonly known as the Old Georgetown Market, is hereby declared a historic landmark, and the Board of Commissioners of the District of Columbia are authorized and directed to preserve such property as a historic landmark and to operate and maintain it as a public market, except that the Board is authorized to enter into an agreement with the Secretary of the Interior to provide for the use of a portion of such property as a museum to be operated by the Secretary in connection with the Chesapeake and Ohio Canal. Such property shall not be used under authority of any provision of law for any purpose not provided in this Act, unless (1) such law is enacted after the date of enactment of this Act and (2) specifically authorizes such property to be used for such other purpose.

SEC. 2. For the purpose of carrying out the provisions of this Act, there are authorized to be appropriated to the District of Columbia such sums as may be necessary[, but not to exceed in the aggregate, $150,000].

DISTRICT OF COLUMBIA MINIMUM WAGE ACT

* * * * * * *

EXEMPTIONS

SEC. 4. (a) The minimum wage and overtime provisions of section 3 shall not apply with respect to—

(1) any employee employed in a bona fide executive, administrative, or professional capacity, or in the capacity of outside salesman (as such terms are defined by the Secretary of Labor under the Fair Labor Standards Act of 1938); or

(2) any employee engaged in the delivery of newspapers to the home of the consumer.

(b) The overtime provisions of section 3(b)(1) shall not apply with respect to—

(1) any employee employed as a seaman;

(2) any employee employed by a railroad;

(3) any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles, trailers, or trucks if employed by a nonmanufacturing establishment primarily engaged in the business of selling such vehicles to ultimate purchasers;

(4) any employee employed primarily to wash automobiles by an employer, more than 50 percent of whose annual dollar volume of sales is derived from washing automobiles, if for such employee's employment in excess of one hundred and sixty hours in a period of four consecutive workweeks, such employee receives compensation at a rate not less than one and one-half times the regular rate at which he is employed; [or]

(5) any employee employed as an attendant at a parking lot or parking garage [.]; *or*

(6) any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of part II of the Interstate Commerce Act.

* * * * * * *

REVISIONS OF WAGE ORDERS

SEC. 6. (a) At any time after a *wage rate within a* wage order has been in effect for one year the Commissioners may on their own motion reconsider [the wage rates] *such wage rate* set in such wage order. If, after investigation, the Commissioners are of the opinion that any substantial number of workers in the occupation covered by such wage order are receiving wages insufficient to provide edequate maintenance and to protect health they may convene an ad hoc advisory committee for the purpose of considering and inquiring into and reporting to the Commissioners on the subject investigated by the Commissioners and submitted by them to such committee.

(b) The committee shall be composed of not more than three persons representing the employers in such occupation, of an equal number representing the employees in such occupation, *and* of not more than three persons representing the public [, and one or more representatives of the agency designated by the Commissioners to administer this Act]. Such agency shall name and appoint all the members of the committee and designate its chairman. Two-thirds of the members of the committee shall constitute a quorum, and any decision, recommendation, or report of the committee on the subject submitted to it shall require an affirmative vote of not less than a majority of all its members.

(c) The Commissioners shall present to the committee such information as they might have relating to the subject they submitted to the committee, and may cause to be brought before the committee any witness whose testimony the Commissioners consider material.

(d) Within sixty days after the convening of the committee by the Commissioners, the committee shall make and transmit to the Commissioners a report containing its findings and recommendations on the subject submitted to it by the Commissioners.

(e) The committee report shall include a recommendation for minimum wages for the employees in the occupation under consideration, but the minimum wage rates recommended shall not be less than those prescribed in subsection (a)(1) of section 3 *and shall not exceed*

by more than 10 per centum the highest minimum wage rate in effect under the Fair Labor Standards Act of 1938 on the date of such recommendation. In making such recommendation the committee shall take into consideration (1) the amount of wages sufficient to provide adequate maintenance and to protect health, (2) the fair and reasonable value of the work performed, and (3) the wages paid in the [District of Columbia] *Washington Metropolitan region (as defined in section 6 of the Washington Metropolitan-Region Development Act)* by fair employers for work of like or comparable character. The committee report shall also include recommendations for reasonable allowances for board, lodging, or other facilities customarily furnished by the employer to the employees, or reasonable allowances for gratuities customarily received by employees in any occupation in which gratuities have customarily and usually constituted and have been recognized as a part of the remuneration for hiring purposes. The committee report may also recommend suitable minimum wages for learners and apprentices in the occupation under consideration, where it appears proper or necessary, and may recommend the maximum length of time any such employee may be kept at such wages as a learner or apprentice. The minimum wages recommended for learners and apprentices may be less than the minimum wages recommended for other employees in such occupation. The committee may make a separate inquiry into and report on any branch of any occupation and may recommend different minimum wages for such branch of employment in the same occupation.

(f) If such committee fails to submit a report to the Commissioners within the period specified in subsection (d), the Commissioners may (1) discharge such committee from further consideration of the subject submitted to it and convene a new committee for the purpose of considering such subject, or (2) consider the subject without the recommendations of an ad hoc advisory committee and prepare and publish a revised wage order for the occupation in accordance with the procedure specified in section 7.

ISSUANCE OF REVISED WAGE ORDERS

SEC. 7. (a) Upon receipt of the report from the ad hoc advisory committee, or upon the discharge of such committee, in accordance with section 6(f), the Commissioners may prepare a proposed revised wage order for the occupation, giving due consideration to any recommendations contained in the report of such committee *except that no proposed revised wage order may be prepared which requires (1) a minimum wage rate in excess of the minimum wage rate recommended in such report or (2) if the proposed revised wage order is prepared without the recommendations of an ad hoc advisory committee, a minimum wage rate which exceeds by more than 10 per centum the highest minimum wage rate in effect under the Fair Labor Standards Act of 1938 on the date of the issuance of the proposed revised wage order.* In such order the Commissioners shall provide, among other things, such allowances as are recommended in the report. The Commissioners shall publish a notice once a week, for four successive weeks, in a newspaper of general circulation printed in the District of Columbia, stating that they will, on a date and at a place named in the notice, hold a public hearing at

which all interested persons will be given a reasonable opportunity to be heard. Such notice shall contain a summary of the major provisions of the proposed revised wage order.

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ACT OF FEBRUARY 27, 1925

An ACT To regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this Act none but pure, clean, and wholesome milk, cream, or ice cream conforming to the definitions hereinafter specified shall be produced in or shipped into the District of Columbia or held or offered for sale therein, and then only as hereinafter provided.

SEC. 2. That no person shall keep or maintain a dairy or dairy farm within the District of Columbia, or produce for sale any milk or cream therein, or bring or send into said District for sale, any milk, cream, or ice cream without a permit so to do from the health officer of said District, and then only in accordance with the terms of said permit. Said permit shall be for the calendar year only in which it is issued and shall be renewable annually on the 1st day of January of each calendar year thereafter. Application for said permit shall be in writing upon a form prescribed by said health officer and shall be accompanied by such detailed description of the dairy or dairy farm or other place where said milk, cream, or ice cream are produced, handled, stored, manufactured, sold, or offered for sale as the said health officer may require, and shall be accompanied by a certificate signed by an official of the health department of the District of Columbia, the United States Department of Agriculture, or some veterinarian authorized by the United States Department of Agriculture or the health department of the District of Columbia, detailed for the purpose, certifying that the cattle producing such milk or cream are physically sound, and in the case of milk or cream held, offered for sale, or sold as such shall in addition be accompanied by a certificate signed by one of the officials aforesaid certifying the cattle producing such milk or cream have reacted negatively to the tuberculin test as prescribed by the Bureau of Animal Industry, United States Department of Agriculture, within one year previous to the filing of the application: *Provided,* That the words "person" or "persons" in this Act shall be taken and construed to include firms, associations, partnerships, and corporations, as well as individuals: *Provided further,* That the health officer may accept the certification of a State or municipal health officer: *And provided further,* That final action on each application shall, if practicable, be taken within thirty days after the receipt of such application at the health department.

SEC. 3. That the health officer is hereby authorized and empowered to suspend any permit issued under authority of this Act whenever in his opinion the public health is endangered by the impurity or unwholesomeness of the milk, cream, or ice cream supplied by any person, and such suspension shall remain in force until such time as

the said health officer is satisfied the danger no longer continues: *Provided,* That whenever any permit is suspended the health officer shall furnish in writing to the holder of said permit his reasons for such suspension, and the dealer receiving such milk or cream shall also be promptly notified by the health officer of such suspension.

[SEC. 4. That nothing in this Act shall be construed to prohibit interstate shipments of milk or cream into the District of Columbia for manufacturing into ice cream: *Provided,* That such milk or cream is produced or handled in accordance with the specifications of an authorized medical milk commission or a State board of health.

[SEC. 5. That failure or refusal on the part of any person holding a permit under authority of this Act to permit the health officer of the District of Columbia, or his duly appointed representative, to inspect the dairy, dairy farm, cattle, and all appurtenances of such dairy, dairy farm, or other places where said milk, cream, or ice cream are produced, stored, manufactured, handled, offered for sale, or sold may be deemed sufficient to suspend or revoke such permit at the discretion of said health officer.

[SEC. 6. That the health officer or his duly appointed representative be, and he is hereby, authorized to seize all milk, cream, or ice cream which may, in violation of the provisions of this Act, be brought into the District of Columbia. The owner of any such milk, cream, or ice cream shall be at once notified of such seizure; and if he shall fail within twenty-four hours to direct the removal of the same from the District of Columbia, the health officer may destroy or otherwise dispose of the said milk, cream, or ice cream.

[SEC. 7. That the health officer of the District of Columbia, under the direction of and with the approval of the Commissioners of said District, is hereby authorized and empowered to make and enforce all such reasonable regulations, consistent with this Act, from time to time, as he may deem proper, to protect the milk, cream, and ice cream supply of the said District of Columbia: *Provided, however,* That such regulations shall be published once at least thirty days in some daily newspaper in the District of Columbia of general circulation before any penalty be exacted for violation thereof.

[SEC. 8. That all milk wagons within the District of Columbia shall have the name of the owner, the number of the permit, and the location of the dairy from which said wagons haul milk or cream painted thereon plainly and legibly: *Provided,* That all trucks or wagons engaged in bringing milk, cream, or ice cream into the said District shall have the name and address of the owner painted plainly and legibly thereon.

[SEC. 9. That all persons within the District of Columbia, having or offering for sale, or having in their possession with intent to sell milk, cream, or ice cream, shall at all times keep the name or names of the person or persons from whom the said milk, cream, or ice cream have been obtained posted in a conspicuous place wherever such milk, cream, or ice cream are kept or offered for sale: *Provided, however,* That general distributors of milk, cream, or ice cream shall only be required to keep a record of the name of all persons from whom said distributor is receiving milk, cream, or ice cream, which record shall at all times be open to inspection by the health officer or his duly authorized representative.

[SEC. 10. That no person shall sell, exchange, or deliver, or have in his possession with intent to sell, exchange, or deliver, any "skimmed milk," or "reconstructed milk," or "reconstructed cream" unless every can, vessel, package, or container is plainly labeled conveying to the purchaser the exact nature of its contents.

[SEC. 11. That it shall be unlawful for any person or persons to sell, offer for sale, or have in their possession with intent to sell, within the District of Columbia, milk or cream taken from cows less than fifteen days before or seven days after parturition, nor shall any such milk or cream be used in the manufacture of ice cream.

[SEC. 12. That any person or persons holding a permit issued under authority of this Act being afflicted, or any member of his family, hired help, or other person on said dairy farm being afflicted with a communicable disease, or if he has reason to suspect any such communicable disease, shall report the same to the health officer of the District of Columbia within twenty-four hours after becoming aware thereof. Willful violation of this section shall be deemed sufficient cause for revocation of said permit.

[SEC. 13. That for the purpose and within the meaning of this Act "milk" shall be held to be the lacteal secretion obtained from the complete milking of cows.

["Cream" is that portion of the milk rich in fat which rises to the surface of the milk on standing or is separated from it by centrifugal force or otherwise, and shall contain not less than 20 per centum of butter fat and shall not be offered for sale or sold unless and until it has been pasteurized under regulations prescribed by the health officer, and shall be free from pathogenic organisms and from visible dirt.

[The term "pasteurized" as used in the Act shall be held to mean the heating of milk or cream to a tempeature of not less than one hundred and forty-two degrees Fahrenheit and maintained at such temperature for a period of not less than thirty minutes, then immediately cooled to a temperature of not more than forty-five degrees Fahrenheit and maintained at not more than that temperature.

["Raw milk" is milk produced from healthy cows as determined by physical examination and by a tuberculin test made within one year previous to the time of filing of the application; said physical examination and tuberculin test shall be made by an official of the health department of the District of Columbia, the United States Department of Agriculture, or some veterinarian authorized by the United States Department of Agriculture or the health department of the District of Columbia, to make such examination and tuberculin test; and said tuberculin test shall be repeated at least one time during each succeeding calendar year; and when reactors are found in any dairy herd licensed under this Act, the tuberculin test shall be repeated semi-annually thereafter until such time as tuberculosis is eradicated from the herd: *Provided*, That no cow or bull shall be added to any dairy herd licensed under this Act until such cow or bull has first been physically examined and tuberculin tested as hereinbefore provided. The farm on which the milk is producted shall rate not less than 80 per centum, the dairy from which such milk is sold or distributed not less than 90 per centum, and the cows producing the milk not less than 95 per centum on the rating cards

in use at the time by the health department of the District of Columbia, and said milk shall not at any time contain less than 3.5 per centum of butter fat nor less than 11.5 per centum of total solids; nor shall it contain when delivered to the consumer more than twenty thousand bacteria per cubic centimeter total count, and no colon bacilli or other pathogenic organism shall be present in one-fiftieth cubic centimeter, and the milk shall be free from all visible dirt.

"Pasteurized milk" is milk produced from healthy cows, as determined by the physical examination and tuberculin test as hereinbefore provided for "raw" milk. Said milk shall be pasteurized under regulations prescribed by the health officer. The milk immediately after being pasteurized shall be cooled to a temperature of not more than forty-five degrees Fahrenheit and maintained to at least such temperature. The farm on which the milk is produced must rate not less than 70 per centum, the dairy from which said milk is sold or distributed not less than 85 per centum, and the cows producing the milk not less than 90 per centum on the rating cards now in use by the health department of the District of Columbia. It shall not contain less than 3.5 per centum of butterfat or 11.5 per centum total solids; nor shall it contain when delivered to the consumer more than forty thousand bacteria, total count, per cubic centimeter, and be free from colon bacilli and other pathogenic organisms and all visible dirt. No such milk shall be pasteurized more than one time.

["Certified milk" is milk produced and handled in accordance with specifications of an authorized medical milk commission and must be labeled according to the specifications of the commission which certifies to the quality of the product. A copy of the necessary articles of certification must be filed in the health department of the District of Columbia and be approved by the health officer of said District.

["Reconstructed milk" or "cream" means milk or cream which has been concentrated or dried in any manner and subsequently restored to a liquid state.

["Skimmed milk" is that part of milk from which the fat has been partly or entirely removed and shall contain not less than 9 per centum of milk solids, inclusive of fat.

["Ice cream' means the frozen product or mixture made from pasteurized cream, milk, or product of milk sweetened with sugar, to which has been added pure, wholesome food gelatin, vegetable gum or other thickener, with or without wholesome flavoring extract, fruits, nuts, cocoa, chocolate, eggs, cake, candy, or confections, and which contains not less than 8 per centum, by weight, of milk (butter) fat.

[SEC. 14. That no person in the District of Columbia shall handle, sell, offer for sale, or have in his possession with intent to sell, any milk, cream, or ice cream which does not comply with the definitions hereinbefore specified, and all bottles, cans, vessels, or other containers in which said milk or cream is sold or offered for sale shall have plainly and legibly printed thereon the grade of the milk or cream which is contained therein.

[SEC. 15. That the pasteurization of all milk or cream required under this Act to be pasteurized shall be done under regulations to be prescribed by the health officer of the District of Columbia and open to the supervision of said health officer.

[SEC. 16. That any person who shall molest, hinder, or in any manner prevent said health officer or his duly appointed agent from performing any duty imposed upon him or them by the provisions of this Act shall be deemed guilty of violating the provisions of said Act and be liable to the penalty prescribed therefor.

[SEC. 17. That every person, or persons, receiving a permit to ship milk or cream into the District of Columbia from any creamery, or receiving station, aforesaid, shall keep posted at all times in such creamery, or receiving station, the names of all persons licensed under this Act, who are delivering milk or cream at any such creamery, or receiving station, and shall keep a record of all milk and cream received, and furnish from time to time a sworn statement giving such information relative thereto as the said health officer may require. The health officer of the District of Columbia shall have power by regulation to include other places than creameries, or receiving stations, under the provisions of this section, from time to time, as may be necessary in his judgment.

[SEC. 18. That no person in the District of Columbia licensed under this Act shall receive any milk or cream from any source until he shall have first ascertained from the health department that the person from whom such milk is obtained holds a license from the health officer of said District to send milk or cream into the District of Columbia.

[SEC. 19. That any person or persons violating any of the provisions of this Act, or of any of the regulations promulgated hereunder, shall, on conviction, be punished for the first offense by a fine of not more than $10; for the second offense by a fine of not more than $50, and for any subsequent offenses within one year, a fine of not more than $500, or by imprisonment in the workhouse for not more than thirty days, or by both such fine and imprisonment, in the discretion of the court, and in addition any license issued under authority of this Act may be revoked. Prosecutions hereunder shall be in the police court by the District of Columbia.

[SEC. 20. That all Acts and parts of Acts inconsistent with the foregoing be, and the same are hereby, repealed.]

SECTION 1. None but pure, clean, and wholesome milk, cream, milk products, or frozen desserts conforming to standards established by the District of Columbia Council, not inconsistent with standards established by the United States Government, shall be produced in, or be shipped into, the District of Columbia.

SEC. 2. As used in this Act—

(1) The term "person" includes, in addition to individuals, firms, associations, partnerships, and corporations.

(2) The term "Commissioner" means the Commissioner of the District of Columbia or his designated agents.

(3) The term "District" means the District of Columbia.

SEC. 3. No person shall keep or maintain within the District a dairy farm, milk plant, or frozen dessert plant producing, as the case may be, milk, cream, milk products, or frozen desserts for sale in the District, or bring or send into the District for sale any milk, cream, milk product, or frozen dessert, without a permit so to do from the Commissioner, and then only in accordance with the terms of such permit. Such permit shall be valid only for the calendar year in which it is issued, and shall be renewable annually on or before the 1st day of January of each calendar

year thereafter. Application for such permit shall be in writing upon a form prescribed by the Commissioner.

SEC. 4. The Commissioner is authorized to suspend any permit issued under the authority of this Act whenever, in his opinion, the public health is endangered by the impurity or unwholesomeness of the milk, cream, milk product, or frozen dessert supplied by the holder of the permit, and the suspension shall remain in force until the Commissioner finds the danger no longer continues. Whenever any permit is suspended the Commissioner shall in writing furnish to the holder of such permit his reasons for such suspension, and each dealer receiving milk, cream, milk product, or frozen dessert from such holder shall also be promptly notified by the Commissioner in writing of the suspension of the permit.

SEC. 5. Nothing in this Act shall be construed to prohibit (1) the shipment into the District of milk, cream, or milk products from shipping stations or plants having a sanitation compliance and enforcement rating of 90 per centum or better as determined by a milk sanitation rating officer certified by the Secretary of Health, Education, and Welfare; or (2) the shipment into the District of milk or cream for manufacture into frozen desserts, and frozen desserts containing milk or cream which has been produced and transported in accordance with specifications established by a State or Federal regulatory or certifying agency and approved by the Commissioner.

SEC. 6. No milk, cream, milk product, or frozen dessert shall be sold or offered for sale to a consumer in the District unless it has been pasteurized by a method acceptable to the Secretary of Health, Education, and Welfare.

SEC. 7. The Commissioner is authorized to seize all milk, cream, milk products, or frozen desserts which may be brought into the District in violation of the provisions of this Act. The owner of any such milk, cream, milk product, or frozen dessert shall immediately be notified of such seizure, and if he shall fail within twenty-four hours from the time such notice is given to him to remove or cause to be removed from the District the seized milk, cream, milk product, or frozen dessert, the Commissioner is authorized to destroy or otherwise dispose of it.

SEC. 8. The District of Columbia Council is hereby authorized to make from time to time all such reasonable regulations or standards consistent with this Act as it deems necessary to protect the milk, cream, milk product, and frozen dessert supply of the District. Such regulations or standards shall be published once in a daily newspaper of general circulation in the District at least thirty days before any penalty may be exacted for violation thereof.

SEC. 9. No person in the District shall sell or offer for sale any milk, cream, milk product, or frozen dessert from any source until he shall have first determined that the person providing such milk, cream, milk product, or frozen dessert holds a permit from the Commissioner to ship milk, cream, milk products, or frozen desserts into the District.

SEC. 10. Any person who violates any provision of this Act or the regulations or standards promulgated hereunder shall be punished by a fine or not more than $300 or imprisonment for not more than thirty days, or both. Prosecutions shall be conducted in the Superior Court of the District of Columbia in the name of the District of Columbia by the Corporation Counsel or any of his assistants.

DISTRICT OF COLUMBIA PUBLIC WORKS ACT OF 1954

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SEC. 214. The total principal amount of loans made in connection with the construction, expansion, relocation, replacement, or renovation of the sanitary and combined sewer systems of the District shall not exceed [$32,000,000] *$72,000,000*. Such loans shall be in addition to any other loans heretofore or hereafter made to the Commissioners for any other purpose, and when advanced shall be deposited in full in the Treasury of the United States to the credit of the D.C. Sanitary Sewage Works Fund.

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SEC. 402. (a) To assist in financing such program of construction, the Commissioners are hereby authorized to accept loans for the District from the United States Treasury and the Secretary of the Treasury is hereby authorized to lend to the Commissioners such sums as may hereafter be appropriated: *Provided,* That the total principal amount of loans advanced pursuant to this section shall not exceed [$85,250,000] *$110,000,000. Provided, further,* That any loan for use in any fiscal year must first be specifically requested of the Congress in connection with the budget submitted for the District for such fiscal year, with a full statement of the work contemplated to be done and the need thereof, and such work must be approved by the Congress: *And provided further,* That such approval shall not be construed to alter or to eliminate the procedures for consultation, advice, and recommendation provided in the National Capital Planning Act of 1952 (66 Stat. 781). Such loans shall be in addition to any other loans heretofore or hereafter made to the Commissioners for any other purpose, and when advanced shall be deposited in full in the Treasury of the United States to the credit of the Highway Fund.

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ACT OF JUNE 2, 1950

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SEC. 2. (a) The Commissioners of the District of Columbia are hereby authorized to accept loans for the District of Columbia from the United States Treasury and the Secretary of the Treasury of the United States is hereby authorized to lend to the Commissioners of the District of Columbia, such sums as may hereafter be appropriated, to finance the expansion and improvement of the water system when sufficient funds therefor are not available from the District of Columbia water fund established by law (D.C. Code, 1940 edition, title 43, ch. 15): *Provided,* That the total principal amount of loans made under the provisions of this section shall not exceed [$35,000,000] *$51,000,000: And provided further,* That a loan for use in any fiscal year must first be specifically requested of the Congress in connection with the budget submitted for the District of Columbia for that fiscal year, with a full statement of the work contemplated to be done and the need thereof, and must be specifically approved by the Congress. Such loans shall be in addition to any other loans heretofore or hereafter made to the Commissioners for any other prupose, and when advanced shall be deposited in full in the Treasury of the United States to the credit of the said District of Columbia water fund.

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DISTRICT OF COLUMBIA APPROPRIATIONS ACT OF 1945

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[SEC. 6. Hereafter no part of the funds appropriated for the District of Columbia shall be available for the payment of rental of quarters for any activity at a rate in excess of 90 per centum of the per annum rate paid by the District of Columbia for such quarters on June 30, 1933: *Provided*, That the provisions of this paragraph shall not apply to leases made prior to the passage of this Act, except when renewals thereof are made hereafter: *Provided further*, That the appropriations or portions of appropriations unexpended by reason of the operation of this paragraph shall not be used for any purpose, but shall be impounded and deposited in the Treasury to the credit of the District of Columbia.]

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DISTRICT OF COLUMBIA APPROPRIATIONS ACT OF 1959

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[SEC. 12. Appropriations in this Act shall be available, when authorized by the Commissioners, for the rental of quarters without reference to section 6 of the District of Columbia Appropriation Act, 1945: *Provided*, That hereafter leases for rentals shall not be on terms and periods in excess of five years.]

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MINORITY VIEWS ON MINIMUM WAGE RESTRICTIONS, THE TRANSFER OF LORTON CORRECTIONAL INSTITUTION AND THE WITHHOLDING OF FUNDS BASED ON HIGHWAY CONSTRUCTION

Background: Committee Action

This bill as reported by the committee is a conglomeration of a number of provisions and bills, all on widely differing subjects and few pertaining in any way to revenue. For example, of the nine titles in the bill, only two clearly deal with revenue matters. The other seven involve minimum wage restrictions, the transfer of Lorton, a freeway-Federal payment rider, a medical and dental school subsidy, land grant college funds, dairy products, and other miscellaneous and general provisions.

During committee deliberations, many committee members attempted to separate the provisions of the bill so that the revenue provisions contained in Title I could be voted upon as a 1970 D. C. Revenue Act and that each of the other titles could be presented to the House as separate bills and thus stand or fall on their own merits. The votes on motions to strike various sections and to separate the bill into its vario s titles were very close. A motion to strike all of the titles except those having a reference to revenue was defeated by a vote of 10 to 8.

Various individual motions and a substitute bill were offered in Committee which would have done the following:

1. Struck Section 602, which would permit employers to pay straight-time wages for overtime work for truck drivers, movers, and deliverymen, and Section 603, which would prohibit the District of Columbia Government from establishing a minimum wage above $1.76.
2. Struck Title V which provides for the transfer of Lorton Correctional Institution from the District of Columbia to the United States Government.
3. Struck Title VIII which provides that no federal payment authorization can be made to the District of Columbia until it builds certain additional freeways beyond those required by the 1968 Federal Highway Act.

The substitute bill offered in committee was defeated on a narrow 10 to 8 vote.

Expected Floor Action

There may be motions to strike one or more of the nine titles in the bill by members of the committee other than the undersigned. Depending upon the form of those motions, some of the undersigned may support some of these motions to strike. We believe, however, that the three parts of this bill discussed above are so far removed from revenue provisions that they do not belong in this bill. These provisions are

also very controversial and could result in the bill being subjected to a long and difficult conference or to a Presidential veto. The undersigned, therefore, will offer a substitute for the bill, similar to the one offered in committee, which will strike the sections of the bill dealing with minimum wages, the transfer of Lorton and the District of Columbia highways.

Analysis of the Committee Bill

A. MINIMUM WAGE

Section 602 of this bill would exempt employees involved in the operation or maintenance of motor carriers from the overtime provisions of the District of Columbia minimum wage act. Under this section, employers would be permitted to pay these employees straight-time wages for hours worked in excess of 40 hours during the work week. An employee now paid at the minimum wage rate of $1.60 an hour receives overtime compensation at time and a half, or $2.40 an hour. If this provision were passed, a working man's overtime rate could be reduced from $2.40 an hour to $1.60 per hour.

Section 603 would restrict the authority of the District of Columbia Minimum Wage and Industrial Safety Board to revise minimum wage rates. It would place a ceiling on the minimum wage rates which could be no higher than 10% above the effective minimum wage authorized by the Fair Labor Standards Act. Yet the federal minimum wage law clearly provides that a state may set minimum wage rates above those of the federal minimum wage (Fair Labor Standards Act, 29 U.S. Code, Section 218(a).)

This bill would limit the D.C. minimum wage to $1.76 an hour under the current federal minimum wage of $1.60 per hour. This means that a fully employed worker in the District working a 40-hour week and a 52-week year would earn a gross annual salary of $3,660.80.

These two provisions are opposed by the District of Columbia government, the District of Columbia Central Labor Council, and the national AFL–CIO.

B. TRANSFER OF LORTON TO FEDERAL GOVERNMENT

Title V, which would transfer the Lorton Correctional Institution from the D.C. Department of Corrections to the U.S. Bureau of Prisons, should be rejected because:

(1) It is totally nongermane to a revenue bill;

(2) It has already been rejected this year by a House-Senate conference (on H.R. 16196, the D.C. crime bill).

(3) It has received no support from the President, the Department of Justice, the U.S. Bureau of Prisons, the District of Columbia Government, the D.C. Bar Association, or U.S. or District of Columbia judges;

(4) It would federalize an essentially local institution and function;

(5) It would fragment a nearly fully coordinated local correctional system by federalizing certain components (minimum security facility, correctional complex, youth corrections center) while leaving others (D.C. Jail, Women's Detention Center, community correctional centers) in the D.C. Government;

(6) It would lead to no economies for the District of Columbia and might even result in additional noncapital costs; and

(7) It should more properly be the subject of careful review by the so-called "little Hoover Commission" for the District of Columbia, created and approved by the Congress on September 9, 1970, to promote economy and efficiency in the government of the District.

This provision was highly controversial within the District of Columbia Committee and was sustained by a close 11–8 vote. It should be rejected by the House as ill-conceived and unjustified.

C. WITHHOLDING OF FEDERAL PAYMENT FUNDS UNTIL CONSTRUCTION OF HIGHWAYS IN THE DISTRICT OF COLUMBIA

It is a very dangerous precedent to withhold the D.C. revenues, which pay the bills for police protection, fire protection, health, sanitation and all other governmental purposes, as hostage for the construction of certain roads which have not even as yet been fully authorized.

Last year a rider to the 1969 D.C. Revenue Act was adopted which prohibited the appropriation of the Federal payment until the District Government had begun work on certain highways listed in Section 23(b) of the 1968 Federal Highway Act. Now, however, the Secretary of Transportation and the District Government have complied with the provisions of Sections 23(b) and (c) and have so notified the Speaker of the House and the President of the Senate. Construction or acquisition and preliminary design are proceeding on all projects mandated by Section 23(b).

There is thus no justification for an additional rider which would withhold the Federal payment to the District of Columbia until work has begun on all highways which the Congress has required *and may in the future* require. As with the other provisions, there is no justification for Title VIII. This is directly in conflict with the federal statute granting local areas basic control over their highway programs. It would mandate the North Central Freeway in direct opposition to the plans submitted by the District Government and supported by the Department of Transportation.

This subject has already produced an indignant reaction in the community and this action would exacerbate it. There is no place in a revenue bill for remote control highway planning.

We urge you to vote for the substitute.

CHARLES C. DIGGS, Jr.,
BROCK ADAMS,
PETER N. KYROS,
DONALD M. FRASER,
ANDREW JACOBS, Jr.

SEPARATE VIEWS OF GILBERT GUDE AND HENRY P. SMITH, III

Like two bad pennies, the Lorton transfer and freeway issues have turned up as titles of this legislation. We hope they will be stricken by the House.

Title V of the bill would transfer responsibility for the city's workhouse, youth center, and men's reformatory at Lorton, Virginia to the Department of Justice. There are many reasons to reject this transfer, and we will comment on only two. First, this bid to fragment the system of criminal justice in the District of Columbia is at odds with the President's crime program for the Nation's Capital. This administration has given top priority to a comprehensive attack on crime, reforming and strengthening law enforcement from the patrolman to the parole officer. The appropriations for the Corrections Department for both 1970 and 1971 included new and expanded programs as part of the President's crime program, including work release programs, youth crime control and the narcotic addicts rehabilitation program, now finally underway. Of the 1971 appropriation of $18.5 million for the corrections department, $4.1 million is directly related to the President's crime program.

We see no justification for dismantling the Corrections Department when so many important programs are in the early stages of implementation. This can only be a setback for this Administration's work to coordinate and strengthen law enforcement for the benefit of District citizens and millions of visitors to Washington.

There is another reason why this is no time to tinker with the organization of the District Government. A few months ago, this Committee and the House voted by a wide majority to establish a Little Hoover Commission to study the organization and operation of the District Government, and to report its findings and recommendations to Congress within one year. According to this Committee's report on the legislation establishing the twelve-member Commission, it will be staffed by individuals with "considerable expertise."

We think that any decision to spin off departments of the District government should await the report of the Little Hoover Commission. To legislate the transfer of Lorton before the Commission's membership is even complete suggests that the Commission's assignment is not taken seriously by this Committee. The Commission's work will amount to a costly charade, at the taxpayer's expense.

Title VIII, conditioning District revenues upon the construction of freeways, strikes us as both impractical and unprincipled. It is impractical to mandate construction of the North Central Freeway at a time when certain Maryland highway connections related to the North Central Freeway have been eliminated from the Montgomery County master plan of highways. Construction of the North Central Freeway with the current uncertainties as to the Maryland links to this highway could well mean the Congress is directing the construction of a road to nowhere.

It is unprincipled to blackjack the city into constructing a road by withholding funds for essential services such as police overtime, medical facilities, and education. We believe the controversy over the highway system can be resolved without resort to hostage tactics that do us little credit as legislators for the Nation's Capital.

HENRY P. SMITH, III.
GILBERT GUDE.

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